

CITY OF CARL JUNCTION

CARL JUNCTION, MISSOURI

**AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT**

YEAR ENDED APRIL 30, 2017

CITY OF CARL JUNCTION, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Board of Alderpersons
City of Carl Junction
303 N. Main Street
Carl Junction, Missouri 64834

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Carl Junction, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carl Junction, Missouri, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

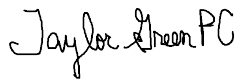
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension required supplementary information on pages 3-15, pages 44-50, and pages 51-52 be presented to supplement the basic financial statements. Such information,

although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2017, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Carl Junction, Missouri's internal control over financial reporting and compliance.



Taylor Green PC

Neosho, Missouri
September 19, 2017

City of Carl Junction
Management's Discussion and Analysis
April 30, 2017

As the financial managers of the City of Carl Junction, Missouri, we offer readers of the City financial statements this narrative overview and analysis of the financial activities of the City of Carl Junction, Missouri for the fiscal year ended April 30, 2017. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- On a government-wide basis the assets and deferred outflows of the City of Carl Junction exceeded its liabilities and deferred inflows for the most recent fiscal year by \$36,633,602. The City has a total net position of \$36,633,602 partially due to \$3,075,805 in net unrestricted balance.
- As of the close of the current fiscal year, the City of Carl Junction government-wide activities reported a \$21,597 net loss.
- The City of Carl Junction total governmental funds fund balance for the end of the fiscal year was reported as \$1,789,584 a 24% increase over the preceding fiscal year.
- As of the close of the current fiscal year, the City of Carl Junction reported a net change in fund balances for total governmental funds of \$430,960 with a depreciation expense of \$702,212, pension expense of \$249,956, payments on long-term payables of \$439,073, and purchase of capital assets of \$485,646 and deferred revenue of \$142,833 for a total change in net position of governmental activities of \$546,343.
- The City of Carl Junction's assets exceeded its liabilities for proprietary funds with total assets reported at \$20,445,987 and total liabilities reported at \$3,199,909.
- The statement of revenues, expenses and changes in fund net position for the proprietary funds showed total operating revenues of \$2,309,093 and total operating expenses of \$2,484,322 for an operating loss of \$175,229. As of the close of the fiscal year a total net ending position of \$17,246,078 for an increase in net position over last fiscal year of \$7,596,491.
- The total proprietary fund balance for the end of the fiscal year was \$17,246,078. This provided net cash by operating activities of \$400,508.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Carl Junction, Missouri's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide financial Statements

The *government-wide financial statements* are designed to provide reader with a broad overview of the City of Carl Junction, Missouri's finances, in a manner similar to a private-sector business. Please note that these government-wide financial statements exclude fiduciary fund activities since the City has no fiduciary fund activities.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

The government-wide financial statements distinguish functions of the City of Carl Junction, Missouri that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Carl Junction, Missouri include general government, municipal court, police, and public works.

Business-type Activities

The City of Carl Junction, Missouri's business-type activities consists of its: drinking water pumping from deep wells and distribution, and waste water collection and treatment. These operations derive revenues from charges for services that are intended to recoup the full cost of operations.

The government-wide financial statements include only the City of Carl Junction, Missouri itself (known as the *primary government*), as the City does not have any component units to be included herein.

The government-wide financial statements can be found on pages 16 through 19 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Carl Junction, Missouri, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories: governmental funds, and proprietary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Carl Junction, Missouri maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the: General Fund, Street Fund, Park Fund, Capital Improvement Fund, Debt Service Fund, Waterworks System Fund, and the Wastewater System Fund. All of which are considered major funds, except for the Debt Service Fund.

The City of Carl Junction, Missouri, adopts an annual appropriated budget for all of these funds. Budgetary comparison statements have been provided for all major governmental funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 20 through 22 of this report.

Proprietary Funds

Proprietary Funds are to be used to report the same functions presented as *business-type activities* in the government-wide financial statements. These statements include two enterprise funds utilized for the City's Waterworks System Fund and Wastewater System Fund.

The Proprietary enterprise Fund financial statements can be found on pages 23 through 27 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 through 42 of this report.

Required Supplementary Information

In addition to the financial statements and notes to the financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for: General Fund,

Street Fund, Park Fund and Capital Improvement Fund. This report also contains required supplementary information concerning net pension liability and contributions.

The required supplementary information can be found on pages 44 through 52 of this report.

Financial Analysis of the City as a Whole

This is the first year that the City has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Net Position

The City's combined net position was approximately \$36,633,602. Looking at the net position of governmental and business-type activities separately provides additional information.

The comparative condensed statement of net position is as follows:

City of Carl Junction
Condensed Statement of Net Position
April 30, 2017

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash & cash equivalents	\$1,596,125	\$1,515,952	\$3,112,077
Internal balances	17,339	(17,339)	0
Prepaid Insurance	11,718	10,026	21,744
Taxes receivable	146,464	0	146,464
Accounts receivable, net	0	189,071	189,071
Total current assets	1,628,363	1,697,710	3,326,073
Restricted assets:			
Cash	359,825	241,525	601,350
Total restricted assets	359,825	241,525	601,350
Non-current assets:			
Capital assets:			
Land	445,000	242,000	687,000
Other capital assets, net of accumulated depreciation	21,170,826	18,247,413	39,418,239
Total Assets	23,604,014	20,428,648	44,032,662
Deferred outflows of resources:			
Relating to pension	535,552	0	535,552
Total Assets and Deferred Outflows	24,282,399	20,428,648	44,711,047

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	17,696	56,495	74,191
Pension payable	12,941	0	12,941
Accrued liabilities	167,966	82,545	250,511
Current maturities of long-term debt	264,327	246,620	510,947
Total current liabilities	462,930	385,660	848,590
Non-current liabilities			
Meter deposits payable	0	149,422	149,422
Lease purchase agreement payable	3,812,057	2,647,488	6,459,545
Net pension liability	579,489	0	579,489
Total non-current liabilities	4,391,546	2,796,910	7,188,456
Total Liabilities	4,854,476	3,182,570	8,037,046
Deferred inflows of resources:			
Relating to pensions	40,399	0	40,399
Total Liabilities and Deferred Inflows	4,894,875	3,182,570	8,077,445
NET POSITION			
Net investment in capital assets	17,539,442	15,595,305	33,134,747
Nonspendable	11,718	0	11,718
Restricted for:			
Bond Requirements	0	82,224	82,224
Street Improvements	156,034	0	156,034
Shop with a Cop	5,074	0	5,074
Court Bonds	6,159	0	6,159
Deposits	6,600	155,240	161,840
Unrestricted	1,662,496	1,413,309	3,075,805
Round	1	0	1
Total Net Position	19,387,524	17,246,078	36,633,602

As provided above, at the end of the current fiscal year, the City of Carl Junction, Missouri is able to report a total positive net position of \$36,633,602.

Government Activities

Governmental activities increased the City of Carl Junction, Missouri's net position by \$546,343. The comparative Condensed Statement of Activities is as follows:

City of Carl Junction
Condensed Statement of Activities
April 30, 2017

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General & Administrative	(1,173,892)	0	0	0	(1,173,892)
Municipal Court	(127,679)	0	0	0	(127,679)
Police Department	(1,054,857)	208,738	85,895	0	(760,224)
Trash	0	64,900	0	0	64,900
Community Service	(21,000)	0	0	0	(21,000)
Park	(176,223)	0	0	0	(176,223)
Street	(546,376)	0	0	0	(546,376)
Capital Improvements	(332,617)	0	0	309,583	(23,034)
Debt Services	(1,440)	0	0	0	(1,440)
Total governmental activities	(3,434,084)	273,638	85,895	309,583	(2,764,968)
Business-type activities					
Sewer fund	(1,394,544)	1,193,058	0	5,667	(195,819)
Water fund	(1,211,059)	1,093,026	0	0	(118,033)
Total business-type activities	(2,605,603)	2,286,084	0	5,667	(313,852)
Total primary government	(6,039,687)	2,559,722	85,895	315,250	(3,078,820)

Primary Government			
	Governmental	Business-type	
	Activities	Activities	Total
Change in net position:			
Net (expense) Revenue	(2,764,968)	(313,852)	(3,078,820)
General Revenues:			
Taxes:			
Sales taxes:			
General	331,412	0	331,412
City	382,883	0	382,883
Motor vehicle	97,006	0	97,006
Motor fuel taxes	199,701	0	199,701
Property taxes	816,950	0	816,950
Franchise taxes (fees)	518,596	0	518,596
Dog pound	1,971	0	1,971
Licenses and permits	79,962	0	79,962
Intergovernmental rent	52,136	0	52,136
Interest income	1,094	882	1,976
Solar panel project reimbursement	267,216	0	267,216
Miscellaneous	284,405	23,009	307,414
Net transfers	277,979	(277,979)	0
Total general revenues	3,311,311	(254,088)	3,057,223
Net position - beginning	9,875,013	9,649,586	19,524,599
Prior period adjustment	8,783,138	8,164,432	16,947,570
Net pension benefit, May 1, 2015	183,030	0	183,030
Net position – adjusted beginning	18,841,181	17,814,018	36,655,199
Changes in net position	546,343	(567,940)	(21,597)
Net position - ending	19,387,524	17,246,078	36,633,602

Financial Analysis of the Governmental Funds

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

Governmental Funds

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

At the end of the fiscal year 2017, the unassigned fund balance of the general fund was \$157,604, while the total general fund balance was \$951,466. As a measure of the general fund's liquidity, it may be useful to compare both unassigned general fund balance and total general fund balance to total general fund expenditures and transfers out. Unassigned general fund balance represents 7% of total general fund expenditures, while total general fund balance represents 43% of total general fund expenditures.

The fund balance in the City's general fund increased by \$27,671 or 3% from the prior year fund balance.

Proprietary Funds

The City's proprietary enterprise fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Waterworks system fund at end of fiscal year amounted to \$6,390,357, a decrease in net position of \$170,506 from the prior year.

Net position of the Wastewater system fund at end of fiscal year amounted to \$10,855,721, a decrease in net position of \$397,434 from the prior year.

Total net position of the Proprietary Funds at end of fiscal year amounted to \$17,246,078, a decrease in net position of \$567,940 from the prior year.

Fund Balance Budgetary Highlights

Total budgeted revenue and expenses were adjusted during the year end budget changes as certain line items were adjusted to better reflect the City's revenue and expenses. The following are line items that needed to be adjusted:

General fund saw increases in building repairs to the Community Center. The SRF Energy Loan increased to reflect the payoff of the 2011 SRF Energy loan and the 2016 lease purchase SRF Energy Loan for the addition of solar panels.

WWTP Fund saw increases in salaries for helpers as they moved to permanent part-time positions from seasonal positions. Accrual of funds in line and manhole maintenance increased expense for a large line maintenance project that was completed. The 2014 loan for the JJ Hwy lift station was paid off early and the 2002 bonds for sewer system improvements were paid off early.

Capital Improvement fund had the largest adjustments reflecting the loan payoff for the Lakeside Park property and the construction of sidewalks, curb and guttering and storm-water piping along Z highway in conjunction with Missouri Department of Transportation.

	Budgeted Amount	Actual Amount
General Fund		
Building Repairs	\$10,000	\$19,660
Engineering	\$3,000	\$6,530
Lease Purchase	\$17,340	\$34,360
SRF Energy Loan	\$12,042	\$96,792
WWTP Fund		
Salary Helper	\$24,480	\$69,480
General Maintenance – Lines/manholes	\$1,000	\$85,872
2013 Interest	\$25,000	\$52,125
2013 Principal	\$42,000	\$68,660
2014 JJ Hwy Lift Station	\$55,258	\$228,178
Park/Pool Fund		
Electric – Park	\$5,000.00	\$6,900
GO Bond Fund		
Refunds to Customers	\$0	\$1,400
Surplus Fund		
Transfer to Waterworks	\$0	\$7,000
Capital Improvement Fund		
Reimbursable Income	\$0	\$442,216
Grant Income	\$0	\$309,583
Engineering	\$0	\$3,783
CI Transportation	\$75,000	\$319,730
Reimbursable Expense	\$0	\$454,686
Park Improvements	\$0	\$4,425
Lakeside Principal	\$71,886.00	\$104,716

Capital Assets

The City has invested \$40,105,239 in a broad range of capital assets, including land, facilities, buildings, machinery and equipment, automobiles and trucks. This amount represents a net decrease for the current fiscal year of \$1,141,646 (including additions, deductions and depreciation). Capital asset activity resulting from accrual based transactions for the fiscal year ended April 30, 2017 was as follows:

	Balance at May 1, 2016	Additions	Deductions	Balance at April 30, 2017
Governmental activities:				
Land (non-depreciable)	\$445,000	0	0	445,000
Buildings	\$17,307,141	0	0	17,307,141
Improvements	\$0	361,455	0	361,455
Infrastructure	\$15,024,750	0	0	15,024,750
Machinery & Equipment	\$1,197,666	110,624	36,000	1,272,290
Vehicles	\$155,902	13,567	0	169,469
Total at historical cost	\$34,130,459	485,646	36,000	34,580,105
Less accumulated depreciation:				
Buildings	\$6,512,718	346,143	0	6,858,861
Improvements	\$0	10,516	0	10,516
Infrastructure	\$5,258,663	262,933	0	5,521,596
Machinery & Equipment	\$459,139	62,171	13,700	521,310
Vehicles	\$45,249	20,449	0	51,998
Total accumulated depreciation	\$12,275,769	702,212	13,700	12,964,281
Governmental activities capital assets, net	\$21,854,690	216,564	22,300	21,615,824
Business-type activities:				
Land (non-depreciable)	\$242,000	0	0	242,000
Buildings	\$23,054,427	35,000	0	23,089,427
Infrastructure	\$14,431,700	0	0	14,431,700
Machinery and Equipment	\$2,544,770	0	0	2,544,770
Vehicles	\$182,320	0	0	182,320
Totals at historical cost	\$40,455,217	35,000	0	40,490,217
Less accumulated depreciation:				
Buildings	\$12,647,566	448,056	0	13,095,622
Infrastructure	\$7,215,850	360,793	0	7,576,643
Machinery & Equipment	\$1,122,898	115,569	0	1,238,467
Vehicles	\$76,708	13,362	0	90,070
Total accumulated depreciation	\$21,063,022	937,780	0	22,000,802
Business-type activities capital assets, net	\$19,392,195	902,780	0	18,489,413
Total Assets (net)	\$41,246,885			40,105,239

Long-Term Debt

At the end of April 2017, the City had outstanding long-term debt obligations for governmental and business-type activities in the amount of \$6,970,492 compared to \$7,899,085 in 2016. The 11.8% decrease in the City's long-term debt obligations is due to meeting the amortization schedules and the paying-off for these obligations.

The City's long-term debt is detailed below:

Type of Debt	Balance April 30, 2016	Additions	Reductions	Balance April 30, 2017
General Obligation Bonds	\$4,030,000		\$225,000	\$3,805,000
Revenue Bonds	\$3,031,130		219,930	2,811,200
Lease Purchases	\$352,199		352,199	0
Notes Payable	\$485,756		131,464	354,292
Total Long-Term Debt	\$7,899,085			\$6,970,492

Economic Factors and Next Year's Budget

General Fund Revenue for fiscal year 2017-2018 is projected to be flat or decrease slightly. Offsetting any increases in gross receipts (franchise fees) will be a reduction in fines from the court as recent legislation reduced the maximum amount of fine and also added more offenses to the list that have a maximum fine amount. The unfunded court mandates by the Missouri Legislature have had and will continue to have a chilling effect on the municipal court system.

Expenditures on the General Fund budget are expected to decrease in a like amount. Efficiencies are being sought in phone system realignment, postage reduction as residents move to a system to receive paperless billing via emails and reassignment of personnel within the court system to make up for the loss of revenue.

The Street fund budget is level from year to year as this fund is dependent on fuel taxes from the State of Missouri and a local ½ cent transportation sales tax. Both of these revenues are fairly consistent from year to year. Expenditures are expected to be minimal as the City prefers to accrue some funds for a number of years before a street project is undertaken.

The Park Fund budget is another fund that shows little movement on the revenue or expense side. A ½ cent sales tax is split between the park systems and storm-water systems as directed by State of Missouri Revised Statutes. Most expenditure is related to park and pool maintenance. Any improvements or new items are budgeted through the Capital Improvement Sales Tax.

The Water Works Proprietary Fund continues to make improvements to water revenues. After several years of annual rate increases it is finally showing a better fund balance. It is expected to make a change in meter reading as the technology that is currently used will be changed out to newer equipment making for better efficiencies. This project may be able to use low interest loans from the state or local lenders. The project is currently in a feasibility stage and may not take place until fiscal year 2018-2019. A comprehensive rate study is now done annually to make sure that rates are correctly set.

The Wastewater fund has a healthy reserve and no large projects are anticipated this year. A large note was paid off for the installation of a lift station on Highway JJ. A large renovation at the treatment plant was just completed in 2016 and the expansion of the plant in 2015 has it modernized and working efficiently. Inflow & Infiltration problems continue to be funded by a dedicated I&I fund through the sewer rate. A comprehensive rate study is now done on an annual basis to make sure that rates are correctly set. The 2002 Series Bonds was due to be paid off in 2023. Paying this bond off early with reserves will save the city several thousand in interest and agent fees and will allow reserves to increase at a more rapid pace to replenish them.

Revenues from property taxes continue to increase at a modest rate of less than 1% as it has annually for the past 10 years. Total assessed value has grown steadily at 1.2% annually for the last three years and at 5.1% when comparing the year 2000 to the year 2016. The annual tax levy has only increased by .9% over the same time span.

In summary, the City continues to perform at a very steady rate and is relatively well financially. Continued emphasis on paying off long term debt and a philosophy of accruing funds before spending them has worked well for the City. Carl Junction continues to be an attractive place to live and new construction of homes is on a rather brisk pace. On an above average rate, the homes sell quickly and at a good market rate.

Requests for Information

This financial report is designed to provide a general overview of the City of Carl Junction, Missouri's finances for our citizens, taxpayers, customers, investors and creditors. It is to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, 303 N Main, Carl Junction, MO 64834.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF NET POSITION
APRIL 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 1,595,675	\$ 1,515,952	\$ 3,111,627
Internal balances	17,339	(17,339)	-
Prepaid Insurance	11,718	10,026	21,744
Taxes receivable	146,464	-	146,464
Accounts receivable, net	-	189,071	189,071
Total current assets	<u>1,771,196</u>	<u>1,697,710</u>	<u>3,468,906</u>
Restricted assets:			
Cash	359,825	241,525	601,350
Total restricted assets	<u>359,825</u>	<u>241,525</u>	<u>601,350</u>
Non-current assets:			
Capital assets:			
Land	445,000	242,000	687,000
Other capital assets, net of accumulated depreciation	21,170,826	18,247,413	39,418,239
Total non-current assets	<u>21,615,826</u>	<u>18,489,413</u>	<u>40,105,239</u>
Total Assets	<u>23,746,847</u>	<u>20,428,648</u>	<u>44,175,495</u>
DEFERRED OUTFLOWS OF RESOURCES			
Relating to pensions	535,552	-	535,552
Total Deferred Outflows of Resources	<u>535,552</u>	<u>-</u>	<u>535,552</u>
Total Assets and Deferred Outflows	<u>\$ 24,282,399</u>	<u>\$ 20,428,648</u>	<u>\$ 44,711,047</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF NET POSITION
APRIL 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 17,696	\$ 56,495	\$ 74,191
Pension payable	12,941	-	12,941
Accrued liabilities	167,966	82,545	250,511
Current maturities of long-term debt	264,327	246,620	510,947
Total current liabilities	462,930	385,660	848,590
Non-current liabilities:			
Meter deposits payable	-	149,422	149,422
Lease purchase agreement payable	3,812,057	2,647,488	6,459,545
Net pension liability	579,489	-	579,489
Total non-current liabilities	4,391,546	2,796,910	7,188,456
Total Liabilities	4,854,476	3,182,570	8,037,046
DEFERRED INFLOWS OF RESOURCES			
Relating to pensions	40,399	-	40,399
Total Deferred Inflows of Resources	40,399	-	40,399
Total Liabilities and Deferred Inflows	\$ 4,894,875	\$ 3,182,570	\$ 8,077,445
NET POSITION			
Net investment in capital assets	\$ 17,539,442	\$ 15,595,305	\$ 33,134,747
Nonspendable	11,718	-	11,718
Restricted for:			
Bond requirements	-	82,224	82,224
Street improvements	156,034	-	156,034
Shop with a Cop	5,074	-	5,074
Court Bonds	6,159	-	6,159
Deposits	6,600	155,240	161,840
Unrestricted	1,662,496	1,413,309	3,075,805
Round	1	-	1
Total Net Position	\$ 19,387,524	\$ 17,246,078	\$ 36,633,602

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General and administrative	\$(1,173,892)	\$ -	\$ -	\$ -	\$ (1,173,892)
Municipal court	(127,679)	-	-	-	(127,679.00)
Police department	(1,054,857)	208,738	85,895	-	(760,224)
Trash	-	64,900	-	-	64,900
Community service	(21,000)	-	-	-	(21,000)
Park department	(176,223)	-	-	-	(176,223)
Street	(546,376)	-	-	-	(546,376)
Capital improvements	(332,617)	-	-	309,583	(23,034)
Debt services	(1,440)	-	-	-	(1,440)
Total governmental activities	<u>(3,434,084)</u>	<u>273,638</u>	<u>85,895</u>	<u>309,583</u>	<u>(2,764,968)</u>
Business-type activities:					
Sewer fund	(1,394,544)	1,193,058	-	5,667	(195,819)
Water fund	(1,211,059)	1,093,026	-	-	(118,033)
Total business-type activities	<u>(2,605,603)</u>	<u>2,286,084</u>	<u>-</u>	<u>5,667</u>	<u>(313,852)</u>
Total primary government	<u><u>\$(6,039,687)</u></u>	<u><u>\$ 2,559,722</u></u>	<u><u>\$ 85,895</u></u>	<u><u>\$ 315,250</u></u>	<u><u>\$ (3,078,820)</u></u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in net position:			
Net (expense) revenue	\$ (2,764,968)	\$ (313,852)	\$ (3,078,820)
General revenues:			
Taxes:			
Sales taxes:			
General	331,412	-	331,412
City	382,883	-	382,883
Motor vehicle	97,006	-	97,006
Motor fuel taxes	199,701	-	199,701
Property taxes	816,950	-	816,950
Franchise taxes (fees)	518,596	-	518,596
Dog pound	1,971	-	1,971
Licenses and permits	79,962	-	79,962
Intergovernmental rent	52,136	-	52,136
Interest income	1,094	882	1,976
Solar panel project reimbursement	267,216	-	267,216
Miscellaneous	284,405	23,009	307,414
Net transfers	277,979	(277,979)	-
Total general revenues	<u>3,311,311</u>	<u>(254,088)</u>	<u>3,057,223</u>
Net position—beginning	9,875,013	9,649,586	19,524,599
Prior period adjustment	8,783,138	8,164,432	16,947,570
Net pension benefit, May 1, 2015	183,030	-	183,030
Net position--adjusted beginning	<u>18,841,181</u>	<u>17,814,018</u>	<u>36,655,199</u>
Change in net position	546,343	(567,940)	(21,597)
Net position—ending	<u>\$ 19,387,524</u>	<u>\$ 17,246,078</u>	<u>\$ 36,633,602</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2017

	General Fund	Street Fund	Park Fund	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
ASSETS						
Current assets:						
Cash	\$ 750,438	\$160,740	\$ 89,204	\$ 116,168	\$ 479,124	\$ 1,595,674
Internal balances	17,339	-	-	-	-	17,339
Prepaid insurance	10,628	1,090	-	-	-	11,718
Taxes receivable	77,626	-	-	-	68,838	146,464
	<u>856,031</u>	<u>161,830</u>	<u>89,204</u>	<u>116,168</u>	<u>547,962</u>	<u>1,771,195</u>
Restricted assets:						
Cash	359,825	-	-	-	-	359,825
	<u>359,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,825</u>
Total Assets	<u>\$ 1,215,856</u>	<u>\$161,830</u>	<u>\$ 89,204</u>	<u>\$ 116,168</u>	<u>\$ 547,962</u>	<u>\$ 2,131,020</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 7,814	\$ 4,695	\$ 1,193	\$ 3,994	\$ -	\$ 17,696
Pension payable	12,941	-	-	-	-	12,941
Accrued liabilities	167,955	11	-	-	-	167,966
Total Liabilities	<u>188,710</u>	<u>4,706</u>	<u>1,193</u>	<u>3,994</u>	<u>-</u>	<u>198,603</u>
DEFERRED INFLOWS OF RESOURCES						
Non-current taxes receivable	75,680	-	-	-	67,153	142,833
Total Deferred Inflows of Resources	<u>75,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,153</u>	<u>142,833</u>
Fund Balances:						
Unassigned	157,604	-	-	-	-	157,604
Assigned	423,409	-	-	-	-	423,409
Committed	341,992	-	88,011	112,174	480,809	1,022,986
Restricted	17,833	156,034	-	-	-	173,867
Nonspendable	10,628	1,090	-	-	-	11,718
Total Fund Balances	<u>951,466</u>	<u>157,124</u>	<u>88,011</u>	<u>112,174</u>	<u>480,809</u>	<u>1,789,584</u>
Total Liabilities and Fund Balances	<u>\$ 1,215,856</u>	<u>\$161,830</u>	<u>\$ 89,204</u>	<u>\$ 116,168</u>	<u>\$ 547,962</u>	<u>\$ 2,131,020</u>
Reconciliation to Statement of Net Position:						
Total fund balance - total governmental funds						\$ 1,789,584
Amounts reported for governmental activities in the statement of net position is different because:						
Capital assets used in governmental activities of \$34,580,105 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$12,964,280						21,615,826
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.						142,833
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.						(4,076,384)
Pension benefits are reported as they are earned in the statement of net position:						
Net pension liability						(579,489)
Deferred outflow of resources relating to pension						535,552
Deferred inflow of resources relating to pension						(40,399)
Round						1
Net position of governmental activities						<u>\$ 19,387,524</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	General Fund	Street Fund	Park Fund	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
Revenues:						
Taxes	\$1,207,312	\$ 424,327	\$ 127,632	\$ 127,631	\$ 316,813	\$ 2,203,715
Fines	208,738	-	-	-	-	208,738
Trash	64,900	-	-	-	-	64,900
Grant	85,895	-	-	309,583	-	395,478
Dog pound	1,971	-	-	-	-	1,971
Licenses and permits	79,962	-	-	-	-	79,962
Intergovernmental rent	52,136	-	-	-	-	52,136
Interest income	676	94	27	62	235	1,094
Solar panel project reimbursement	-	-	-	267,216	-	267,216
Miscellaneous	253,231	3,081	28,093	-	-	284,405
Total Revenues	<u>1,954,821</u>	<u>427,502</u>	<u>155,752</u>	<u>704,492</u>	<u>317,048</u>	<u>3,559,615</u>
Expenditures:						
Current:						
General and administrative	853,678	-	-	-	-	853,678
Health insurance premiums	262,819	-	-	-	-	262,819
Municipal court	127,679	-	-	-	-	127,679
Police department	962,987	-	-	-	-	962,987
Community service	21,000	-	-	-	-	21,000
Park department	-	-	187,329	-	-	187,329
Streets	-	657,085	-	-	-	657,085
Capital improvements	-	-	-	332,617	-	332,617
Debt service	-	-	-	-	1,440	1,440
Total Expenditures	<u>2,228,163</u>	<u>657,085</u>	<u>187,329</u>	<u>332,617</u>	<u>1,440</u>	<u>3,406,634</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (273,342)</u>	<u>\$ (229,583)</u>	<u>\$ (31,577)</u>	<u>\$ 371,875</u>	<u>\$ 315,608</u>	<u>\$ 152,981</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	<u>General Fund</u>	<u>Street Fund</u>	<u>Park Fund</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses):						
Operating transfers in	2,096,989	389,777	190,618	225,000	-	2,902,384
Operating transfers out	(1,817,189)	(156,053)	(193,474)	(106,618)	(351,071)	(2,624,405)
Total Other Financing Sources (Uses)	<u>279,800</u>	<u>233,724</u>	<u>(2,856)</u>	<u>118,382</u>	<u>(351,071)</u>	<u>277,979</u>
Net change in fund balances	6,458	4,141	(34,433)	490,257	(35,463)	430,960
Fund balances--beginning	923,795	157,654	91,906	(191,299)	516,272	1,498,328
Prior period adjustments	21,213	(4,671)	30,538	(186,784)	-	(139,704)
Fund balances--adjusted beginning	<u>945,008</u>	<u>152,983</u>	<u>122,444</u>	<u>(378,083)</u>	<u>516,272</u>	<u>1,358,624</u>
Fund balances--ending	<u>\$ 951,466</u>	<u>\$ 157,124</u>	<u>\$ 88,011</u>	<u>\$ 112,174</u>	<u>\$ 480,809</u>	<u>\$ 1,789,584</u>

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds	\$ 430,960
Amounts reported for governmental activities in the Statement of Activities are different because:	
In the statement of activities, the pension expense recognized is equal to the change in the pension liability adjusted for deferred recognition of the certain changes in the liability and investment experience.	
Current year pension expense	(249,956)
Some expenses in the governmental funds are recorded as a reduction in long-term liabilities in the statement of net position. This amount represents payments on various long-term payables.	439,072
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	142,833
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures to over the life of the assets:	
Capital asset purchases capitalized	485,646
Depreciation expense	<u>(702,212)</u>
Change in Net Position of Governmental Activities	<u>\$ 546,343</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2017

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
ASSETS			
Current assets:			
Cash	\$ 150,746	\$ 1,365,206	\$ 1,515,952
Prepaid insurance	3,670	6,356	10,026
Accounts receivable, net	88,433	100,638	189,071
Total current assets	<u>242,849</u>	<u>1,472,200</u>	<u>1,715,049</u>
Restricted assets:			
Cash	156,170	85,355	241,525
Total restricted assets	<u>156,170</u>	<u>85,355</u>	<u>241,525</u>
Non-current assets:			
Capital assets:			
Land	92,000	150,000	242,000
Other capital assets, net of accumulated depreciation	6,822,109	11,425,304	18,247,413
Total non-current assets	<u>6,914,109</u>	<u>11,575,304</u>	<u>18,489,413</u>
Total Assets	<u>\$ 7,313,128</u>	<u>\$ 13,132,859</u>	<u>\$ 20,445,987</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

APRIL 30, 2017

	Business-type Activities		Total Proprietary Funds
	Waterworks System Fund	Wastewater System Fund	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 7,084	\$ 49,411	\$ 56,495
Accrued liabilities	41,265	41,280	82,545
Internal balances	-	17,339	17,339
Current maturities of long-term debt	95,000	151,620	246,620
Total current liabilities	<u>143,349</u>	<u>259,650</u>	<u>402,999</u>
Non-current liabilities:			
Meter deposits payable	149,422	-	149,422
Lease Purchase Agreement payable	630,000	2,017,488	2,647,488
Total non-current liabilities	<u>779,422</u>	<u>2,017,488</u>	<u>2,796,910</u>
Total Liabilities	<u>922,771</u>	<u>2,277,138</u>	<u>3,199,909</u>
NET POSITION			
Net investment in capital assets	6,189,109	9,406,196	15,595,305
Restricted for:			
Bond requirement	2,687	79,537	82,224
Deposits	149,422	5,818	155,240
Unrestricted	49,139	1,364,170	1,413,309
Total Net Position	<u>6,390,357</u>	<u>10,855,721</u>	<u>17,246,078</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,313,128</u>	<u>\$ 13,132,859</u>	<u>\$ 20,445,987</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED APRIL 30, 2017

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
Operating Revenues:			
Charges for services:			
Water	\$ 1,043,338	\$ -	\$ 1,043,338
Sewer	-	1,170,294	1,170,294
Penalties	49,688	22,764	72,452
Miscellaneous	1,310	21,699	23,009
	<u>1,094,336</u>	<u>1,214,757</u>	<u>2,309,093</u>
Operating Expenses:			
Accounting	6,731	6,731	13,462
Bad debts	4,642	6,622	11,264
Contract labor & engineering	3,900	29,832	33,732
Depreciation	370,782	566,997	937,779
Dues	3,490	3,490	6,980
General supplies	41,370	28,828	70,198
Insurance	25,149	42,697	67,846
Meter reading expense	55,552	-	55,552
Miscellaneous and travel	58,240	7,199	65,439
Office supplies	22,677	23,921	46,598
Payroll expenses	19,219	17,885	37,104
Professional fees	21,048	21,638	42,686
Repairs and maintenance	153,288	131,195	284,483
Retirement	26,262	24,487	50,749
Salaries	248,698	233,521	482,219
Training	1,061	1,633	2,694
Utilities	110,686	98,350	209,036
Vehicle	9,940	9,429	19,369
Capital outlay	-	47,132	47,132
	<u>1,182,735</u>	<u>1,301,587</u>	<u>2,484,322</u>
Operating Income (Loss)	(88,399)	(86,830)	(175,229)

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
Non-Operating Revenues (Expenses):			
Interest and investment revenue	106	776	882
Grant revenue	-	5,667	5,667
Interest expense	(28,324)	(73,845)	(102,169)
Miscellaneous expense	-	(19,112)	(19,112)
Total Non-Operating Revenues (Expenses)	<u>(28,218)</u>	<u>(86,514)</u>	<u>(114,732)</u>
Net Income (Loss) Before Transfers	<u>(116,617)</u>	<u>(173,344)</u>	<u>(289,961)</u>
Operating transfers in	96,531	109,651	206,182
Operating transfers out	(150,420)	(333,741)	(484,161)
Change in net position	(170,506)	(397,434)	(567,940)
Total net position - beginning	2,278,531	7,371,055	9,649,586
Prior period adjustment	4,282,332	3,882,100	8,164,432
Total net position - adjusted beginning	<u>6,560,863</u>	<u>11,253,155</u>	<u>17,814,018</u>
Total net position - ending	<u><u>\$ 6,390,357</u></u>	<u><u>\$10,855,721</u></u>	<u><u>\$ 17,246,078</u></u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Business-type Activities		Total Proprietary Funds
	Waterworks System Fund	Wastewater System Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,089,423	\$ 1,208,318	\$ 2,297,741
Cash paid to suppliers and employees	(810,826)	(692,814)	(1,503,640)
Operating transfers in	96,531	109,651	206,182
Operating transfers out	(150,420)	(333,741)	(484,161)
Miscellaneous expenses	-	(13,445)	(13,445)
Interest paid	(28,324)	(73,845)	(102,169)
Net Cash Provided by Operating Activities	<u>196,384</u>	<u>204,124</u>	<u>400,508</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	(35,000)	(35,000)
Principal and interest paid on bonds, notes, and lease obligations	(114,018)	(409,952)	(523,970)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(114,018)</u>	<u>(444,952)</u>	<u>(558,970)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	82,366	(240,828)	(158,462)
Balances - beginning of the year	<u>224,550</u>	<u>1,691,389</u>	<u>1,915,939</u>
Balances - end of the year	<u>\$ 306,916</u>	<u>\$ 1,450,561</u>	<u>\$ 1,757,477</u>
Business-type Activities			
	Waterworks System Fund	Sewer Revenue Fund	Total Proprietary Funds
Net Income/Loss	\$ (200,523)	\$ (397,434)	\$ (597,957)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and Amortization expense	370,782	566,997	937,779
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(4,511)	(6,626)	(11,137)
(Increase) decrease in prepaid expenses	(508)	(589)	(1,097)
Increase (decrease) in accrued liabilities	3,625	3,626	7,251
Increase (decrease) in accounts payable	(1,637)	38,150	36,513
Net cash provided by operating activities	<u>\$ 196,384</u>	<u>\$ 204,124</u>	<u>\$ 400,508</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Carl Junction, Missouri operates as a fourth class city as provided for in Chapter 79 of the Missouri Revised Statutes. The City operates under an elected Mayor/Board of Aldermen/City Administrator form of government. The City's major operations include public safety, public works, recreation and general administrative services.

As discussed further in Note 1.A., the financial statements of the Governmental Funds are presented on a modified accrual basis of accounting. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified accrual basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Pensions- For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. A. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

1. A. 1. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes

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and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The entity currently has six major funds: the General fund, the Street fund, the Park fund, the Capital Improvement fund, the Waterworks fund, and the Wastewater fund.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

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Fund	Brief Description
Street Fund	Accounts for the portion of the city sales tax earmarked for transportation and intergovernmental transfers from the State received for street improvements. This fund is classified as a major fund.
Park Fund	Accounts for the portion of the city sales tax dedicated to maintenance of the City's park and stormwater systems. This fund is also classified as a major fund.

Capital Improvement Fund

A Capital Improvement Fund is formed to account for the acquisition, construction, or improvement of major capital assets (other than those financed by proprietary funds, private organizations, or other governments). The Capital Improvement Fund is considered a major fund.

Debt Service Fund

The Debt Service Fund is for the accumulation of resources for, and the payment of, principal and interest of the City's General Obligation Bond.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

<u>Fund</u>	<u>Brief Description</u>
Waterworks and Wastewater Funds	The Waterworks and Wastewater Funds were established to account for operations of the water and sewer system of the City of Carl Junction. Enterprise Funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing services to the general public on a continuing basis will be recovered or financed primarily through user charges. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Both funds are considered major funds.

1. A. 2. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item "b." below.

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In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present resources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The length of time used to define available for purposes of revenue recognition in the governmental financial statements is sixty days from the end of the fiscal year.
- b. The proprietary fund statement incorporates the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Revenue is recognized when earned. Expenses are recorded when the liability is incurred or the economic asset used. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The cost of normal maintenance and repairs that does not add to the value of the assets or materially extend asset lives is not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

1. A. 3. RISK MANAGEMENT

The City of Carl Junction, Missouri is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA) that carries pooled high risk insurance which manages these various risk factors.

1. B. ASSETS, LIABILITIES, AND FUND BALANCES

1. B. 1. CASH

At April 30, 2017, the reported amount of the City's deposits was \$3,520,735 and the bank balance was \$3,618,255. All of the bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

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1. B. 2. INVESTMENTS

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 instrumentalities of any maturity.

1. B. 3. RECEIVABLES

Receivables are presented net of an allowance for doubtful accounts as follows:

	Gross receivable	Allowance	Net Receivable
Governmental	\$146,014	\$0	\$146,014
Proprietary	200,334	11,263	189,071

1. B. 4. CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation (with no expected salvage value). There is no formal capitalization threshold used to report capital assets.

The range of useful lives by type of asset is as follows:

- ◆ Buildings 50 years
- ◆ Machinery, furniture and equipment 5-20 years
- ◆ Vehicles 5-20 years

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

1. B. 5. GOVERNMENTAL FUND BALANCES

As required, the City of Carl Junction has applied GASB Statement No. 54 which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to observe constraints imposed upon the use of its resources reported in governmental funds. As such, the City has identified April 30, 2017 fund balances on the Balance Sheet as follows:

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- a. The amounts shown as nonspendable consist of prepaid insurance balances.
- b. The amounts shown as restricted reflect fund balances restricted for specific use by external resource providers.
- c. The amounts shown as committed are funds that have been committed to specific uses by a formal action of the Carl Junction Board of Aldermen.
- d. The assigned amounts in funds other than the General Fund represent resources intended for the respective fund uses.

The City of Carl Junction considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

1. B. 6. DUE FROM/TO OTHER FUNDS AND TRANSFERS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, the amounts reported as intergovernmental activity and balances in the fund financial statements have been eliminated or reclassified. However, internal balances, amounts reported in the fund financial statements as intergovernmental receivables and payables reported as Due to or Due from other funds, are expected to be repaid to the lending Fund. The Due to/Due from balances for the current year are as follows:

Due from Wastewater Fund to General Fund	\$17,339
Due to General from Wastewater	(\$17,339)

1. C. REVENUES, EXPENDITURES, AND EXPENSES

1. C. 1. PROPERTY TAX

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 assessed valuation of the tangible real property for the calendar year 2016 for the purposes of local taxation was:

General	\$40,684,987
Debt Service	\$36,112,882

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

General Fund	\$.4823
Debt Service Fund	<u>\$.4281</u>
	\$.9104

1. C. 2. SALES TAX

The City levies a 1% general sales tax, a ½% transportation sales tax, a ½% parks/stormwater sales tax and a ½% capital improvements sales tax on taxable sales within the City. The tax is collected by the Missouri Department of Revenue and remitted to the City.

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1. C. 3. OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

1. C. 4. EXPENDITURES/EXPENSES

In the government-wide financial statement, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities. In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

1. D. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws, regulations, grants and contracts and demonstration of its stewardship of City resources follows:

2. A. REVENUE RESTRICTIONS

For the year ended April 30, 2017, the City was in compliance with certain restrictions placed over revenue sources from state, local, or debt requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	To be allocated among general purpose, capital improvements, parks/storm water, and street improvements.
Motor Vehicle and Fuel Tax	To be used for the purpose of funding and maintaining streets and alleys.
Wastewater and Waterworks Revenue	Utility operations and debt service.

2. B. DEBT RESTRICTIONS AND COVENANTS

Business-type Activity Debt

The restrictions and covenants relating to the \$860,000 Series 2002 Sewerage System Revenue Bonds are as follows:

1. Particular Covenants of the City:
 - a. The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the System as will produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal and interest on the Bonds as and when due; (c) enable the City to have in each Fiscal Year Net Revenues Available for Debt Service of not less than 110% of

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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; 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 in Ordinance 02-13. The City met this test.

- b. The City will apply moneys in the Revenue Fund as follows: On the first day of the month, to the Depreciation and Replacement Account if the balance in the Depreciation and Replacement Account is less than the maximum Depreciation and Replacement Account requirement (\$103,000), commencing on 1/1/04, 1/12 of the Annual Depreciation and Replacement Account requirement (of \$10,000). The City met this requirement. The City also passed a Sewer Use Charge Ordinance that requires that \$67,000 be transferred yearly to the Depreciation and Replacement Account. The City met this requirement.

The restrictions and covenants relating to the \$1,760,000 Series 2003 Waterworks System Revenue Bonds are as follows:

1. Particular Covenants of the City:

- a. The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the System as will produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal and interest on the Bonds as and when due; (c) enable the City to have in each Fiscal Year Net Revenues Available for Debt Service 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; 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 in Ordinance 02-13. The City met this test.
- b. The annual amount required by the User Charge Ordinance to be deposited in the Water Repair and Replacement Account is \$16,200. The City met this requirement.

NOTE 3. DETAILED NOTES ON FUNDS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3. A. ASSETS

3. A. 1. DEPOSITS

The City has adopted formal investment policies or policies related to custody credit risk for City moneys.

3. A. 2. CAPITAL ASSETS

Capital asset activity resulting from accrual based transactions for the fiscal year ended April 30, 2017, was as follows:

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	Balance at May 1, 2016	Additions	Deductions	Balance at April 30, 2017
<i>Governmental activities:</i>				
Land (non-depreciable)	\$ 445,000	\$ 0	\$ 0	\$ 445,000
Buildings	17,307,141	0	0	17,307,141
Machinery and Equipment	1,197,666	110,624	36,000	1,272,290
Vehicles	155,902	13,567	0	169,469
Improvements	0	361,455	0	361,455
Infrastructure	15,024,750	0	0	15,024,750
Totals at historical cost	34,130,459	485,646	36,000	34,580,105
Less accumulated depreciation:				
Buildings	6,512,718	346,143	0	6,858,861
Machinery & Equipment	459,139	62,171	13,700	507,610
Vehicles	45,249	20,449	0	65,698
Improvements	0	10,516	0	10,516
Infrastructure	5,258,663	262,933	0	5,521,596
Total accum. depreciation	12,275,769	702,212	13,700	12,964,281
Governmental activities capital assets, net	\$ 21,854,690	\$(216,564)	\$ 22,300	\$ 21,615,824
<i>Business-type activities:</i>				
Land (non-depreciable)	\$ 242,000	\$ 0	\$ 0	\$ 242,000
Buildings	23,054,427	35,000	0	23,089,427
Machinery and Equipment	2,544,770	0	0	2,544,770
Vehicles	182,320	0	0	182,320
Infrastructure	14,431,700	0	0	14,431,700
Totals at historical cost	40,455,217	35,000	0	40,490,217
Less accumulated depreciation:				
Buildings	12,647,566	448,056	0	13,095,622
Machinery and Equipment	1,122,898	115,569	0	1,238,467
Vehicles	76,708	13,362	0	90,070
Infrastructure	7,215,850	360,793	0	7,576,643
Total accum. depreciation	21,063,022	937,780	0	22,000,802
Business-type activities capital assets, net	19,392,195	(902,780)	0	18,489,415
Total Assets (net)				\$ 40,105,239

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

<u>Governmental Activities</u>	
General Fund	\$252,865
Street Fund	\$325,257
Park Fund	\$124,090
<u>Business-Type Activities</u>	
Water/ Fund	\$370,782
Wastewater Fund	\$566,997

3. A. 3. RESTRICTED ASSETS

Restricted assets include cash and investments that are legally restricted as to their use by statute or contract. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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The amounts reported as restricted cash are comprised of amounts held by the various funds. The following table shows the breakdown and classification of the amounts:

<u>Classification</u>	<u>Amount</u>
Court Bonds	6,159
Shop with a Cop	5,074
Reserves	341,992
Building Deposit	6,600
Wastewater Repair & Replacement	79,537
FRPV Deposit	5,818
Waterworks Repair & Replacement	2,687
Water Deposits	<u>153,483</u>
	<u>\$ 601,350</u>

3. B. LIABILITIES

3. B. 1. REFUNDABLE DEPOSITS/BONDS

Refundable deposits reported as a fund liability within the Statement of Net Position are comprised of the following:

Water Deposits Payable	\$149,422
Sewer Deposits Payable	5,818
Building Deposits Payable	6,600

3. B. 2. LONG-TERM LIABILITIES

At year end, obligations consisted of the following:

On November 4, 2005, the City assumed a promissory note in the amount of \$99,952 with the Department of Natural Resources for the costs of the design, acquisition, installation, and implementation of energy conservation measures. Repayment is made with annual payments of \$6,247 at 0% interest. Maturity date is August 1, 2021.	28,112
On July 30, 2008, the City authorized 2012B Series General Obligation Bonds in the amount of \$4,245,000. Interest rates from 3.75% to 5.10%. Maturity date is March 2028.	3,805,000
On April 3, 2003, the City authorized Series 2003 bonds for water system improvements in the amount of \$1,760,000. Interest rates vary from 2.00% to 4.70%. Maturity date is January 2024.	725,000
On May 8, 2002, the City authorized Series 2002 bonds for sewer system improvements in the amount of \$860,000. Interest rates vary from 3.00% to 5.15%. Maturity date is January 2023.	290,000
On February 16, 2016, the City entered into a promissory note with the Missouri Department of Economic Development/ Division of Energy for solar arrays in the amount of \$358,000 at an interest rate of 2.75%. Maturity date is February 16, 2026.	326,180
On September 19, 2013, the City authorized Series 2013 bonds for sewer system improvements in the amount of \$2,050,000.	

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Interest at 1.55%. Maturity date is July 1, 2034.

1,796,200

Total	\$6,970,492
Less portion considered current	<u>(510,947)</u>
Total Long-Term Liabilities	<u>\$6,459,545</u>

Maturities of long term debt for the next five years and forward are as follows:

Year Ending April 30,	Principal	Interest
2018	510,947	211,362
2019	528,853	194,736
2020	556,782	177,330
2021	585,740	158,322
2022	1,038,970	151,882
2023-2027	2,458,000	381,264
2028-2032	1,047,000	66,167
2033-2037	<u>244,200</u>	<u>7,465</u>
Total	<u>\$ 6,970,492</u>	<u>\$ 1,348,528</u>

Total interest expense on the above liabilities was \$240,137 during the year ended April 30, 2017.

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended April 30, 2017:

Type of Debt	Balance April 30, 2016	Additions	Reductions	Balance April 30, 2017
General Obligation Bonds	\$4,030,000	\$ 0	\$ 225,000	\$3,805,000
Revenue Bonds	3,031,130	0	219,930	2,811,200
Lease Purchases	352,199	0	352,199	0
Notes Payable	485,756	0	131,464	354,292
Total Long-Term Debt				\$6,970,492

NOTE 4. OTHER NOTES

4. A. CONTINGENCIES

4. A. 1. CONTINGENCIES

No contingencies of significance were noted other than possible liabilities of an indeterminable amount relating to two legal claims against the City.

4. B. FISCAL RESPONSIBILITY

The Board of Aldermen follow the following procedures in the preparation of the budget:

1. Prior to May 1, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing May 1.
2. Public hearings are conducted to obtain taxpayer comment.

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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 all funds.

Section 67.040 of RSMo 1994 provides that a City may not exceed the authorized expenditures in the approved budget without adopting a resolution which sets forth the facts and reasons for making an increase necessary and approves or adopts an order, motion, resolution or ordinance to authorize the expenditures.

4. C. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments of \$17,130,600 were made to adjust capital assets, accumulated depreciation and loan balances to actual.

NOTE 5. PENSIONS

5. A. PENSIONS

Plan Description – The City’s defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS’ 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 401(a) and it is tax exempt. The responsibility for operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publically available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided – LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after five years of credited service. Employees who retire on or after age 60 (55 for police) with five or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of five years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	<u>2016 Valuation</u>
Benefit multiplier:	2.5%
Final Average Salary:	5 years
Member Contribution Rate:	4%

Benefit terms provide for annual postretirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms -- At April 30, 2017 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>30</u>
Total	<u>53</u>

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Contributions -- The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is an estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rates are 12.3% (general) and 10.1% (police) of annual covered payroll.

Net Pension Liability -- The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016.

Actuarial assumptions -- The total pension liability in the February 29, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation, 2.5% price inflation
Salary increases	3.25% to 6.55%, including wage inflation
Investment rate of return	7.25%, net of investment and admin expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 29, 2016, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43%	5.29%
Fixed Income	26%	2.23%
Real Assets	21%	3.31%
Strategic Assets	10%	5.73%

Discount rate -- The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and actuarially determined rates for employers. Based on these assumptions, the pensions plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2017

Changes in the Net Pension Liability:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at 6/30/15	\$2,616,344	\$2,625,285	
Changes for the year:			
Service Cost	113,932		
Interest	190,218		
Changes of Benefit Terms	296,229		
Diff Between Exp/Actual	(4,913)		
Employer Contributions		96,338	
Employee Contributions		43,066	
Net Investment Income		(4,468)	
Changes of Assumptions	139,540		
Benefit Payments	(98,989)	(98,989)	
Administrative Expense		(3,871)	
Other Changes		15,511	
Net Changes	636,017	47,587	
Balances at 6/30/16	\$3,252,361	\$2,672,872	\$579,489

Sensitivity of the net pension liability to changes in the discount rate -- The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) and one percentage point higher (8.25%) than the current rate.

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
\$1,100,091	\$579,489	\$154,185

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -- For the year ended April 30, 2017, the employer recognized pension expense of \$452,520.

The employer reported Deferred Outflows and Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$76,087	\$(40,399)
Changes in assumptions	115,774	0
Excess (deficit) investment returns	237,465	0
Contributions subsequent to the measurement date*	106,226	0
Total	\$535,552	\$(40,399)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending April 30, 2018.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2017

Amounts reported as Deferred Outflows and Inflows of Resources related to pensions will be recognized in pension expense as follows:

Year Ended:	
2017	\$ 99,034
2018	205,260
2019	99,036
2020	67,906
2021	23,806
Thereafter	<u>111</u>
Total	\$495,153

At April 30, 2017, The City reported a payable of \$12,941 for the outstanding amount of contributions to the pension plan required for the year ended April 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information (RSI) includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule
 - General Fund
 - Street Fund
 - Park Fund
 - Capital Improvement Fund
- Notes to RSI – Budgetary Comparison Schedule
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributors

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Beginning Budgetary Fund Balance:	\$ 923,795	\$ 923,795	\$ 923,795	\$ -
Prior Period Adjustment	-	-	21,213	21,213
Adj Beginning Budgetary Fund Balance	<u>923,795</u>	<u>923,795</u>	<u>945,008</u>	<u>21,213</u>
Resources (Inflows):				
Taxes:				
Sales taxes:				
General	320,000	320,000	331,412	11,412
Property taxes	415,000	415,000	357,304	(57,696)
Franchise (fees):				
Franchise	536,950	536,950	518,596	(18,354)
Total Taxes	<u>1,271,950</u>	<u>1,271,950</u>	<u>1,207,312</u>	<u>(64,638)</u>
Intergovernmental:				
Rent	47,100	47,100	52,136	5,036
Charges for Services:				
Trash	62,000	62,000	64,900	2,900
Fines and Forfeitures:				
Dog pound	1,000	1,000	1,971	971
Fines	65,000	65,000	208,738	143,738
Total Fines and Forfeitures	<u>66,000</u>	<u>66,000</u>	<u>210,709</u>	<u>144,709</u>
Licenses and Permits	69,700	69,700	79,962	10,262
Investment Income	400	400	676	276
Miscellaneous:				
Grants	80,000	80,000	65,636	(14,364)
Donations	-	-	20,259	20,259
Other	59,350	59,350	253,231	193,881
Total Miscellaneous	<u>139,350</u>	<u>139,350</u>	<u>339,126</u>	<u>199,776</u>
Other Financing Sources:				
Operating transfers from other funds	1,335,884	1,335,884	2,096,989	761,105
Total Other Financing Sources	<u>1,335,884</u>	<u>1,335,884</u>	<u>2,096,989</u>	<u>761,105</u>
Amounts available for appropriation	<u>3,916,179</u>	<u>3,916,179</u>	<u>4,996,818</u>	<u>1,080,639</u>

(Continued)

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
General and Administrative				
All salaries	137,583	137,583	142,706	(5,123)
Accounting	3,000	3,000	4,881	(1,881)
Advertising	400	400	583	(183)
Attorney fees	6,000	6,000	4,875	1,125
Cleaning	21,600	21,600	21,775	(175)
Contract personnel	160	160	14,577	(14,417)
Dues and subscriptions	12,000	12,000	15,506	(3,506)
Election expense	4,000	4,000	5,271	(1,271)
General supplies	13,100	13,100	19,566	(6,466)
Health Insurance	15,031	15,031	2,085	12,946
Insurance	12,450	12,450	11,932	518
Interest	125,806	125,806	133,867	(8,061)
Loan payments	254,382	356,152	320,212	35,940
Miscellaneous	2,000	2,000	5,002	(3,002)
Payroll taxes	10,979	10,979	9,753	1,226
Printing, postage, office supplies	47,250	47,250	45,508	1,742
Repairs and maintenance	10,000	12,000	11,572	428
Retirement	9,531	9,531	10,162	(631)
Training	11,000	11,000	4,418	6,582
Utilities	74,300	74,300	59,497	14,803
Vehicle	3,150	3,150	1,173	1,977
Capital outlay	10,000	21,190	8,757	12,433
Total General and Administrative	783,722	898,682	853,678	45,004
Police Department:				
Animal Control	4,500	4,500	5,449	(949)
Equipment purchases	10,000	10,000	9,907	93
Cleaning	7,000	7,000	5,694	1,306
General supplies	15,100	15,100	6,904	8,196
Health insurance	15,500	15,500	15,488	12
Insurance	53,966	53,966	50,987	2,979
Interest	-	-	1,446	(1,446)
Miscellaneous	4,100	4,100	6,118	(2,018)
Loan payments	6,247	6,247	11,020	(4,773)
Office supplies	21,300	21,300	21,714	(414)
Payroll taxes	47,073	47,073	44,211	2,862
Repairs and maintenance	16,750	16,750	26,859	(10,109)
Retirement	59,469	59,469	69,290	(9,821)
Salary	591,804	591,804	609,155	(17,351)
Training	17,000	17,000	7,382	9,618
Utilities	33,900	33,900	29,006	4,894
Vehicle	73,300	73,300	28,790	44,510
Capital Outlay	21,000	21,000	13,567	7,433
Depreciation	-	-	105,437	(105,437)
Total Police Department	998,009	998,009	962,987	27,589

(Continued)

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Health Insurance Premiums:				
Health insurance expense	135,575	135,575	262,819	(127,244)
Total Health Insurance Premiums	<u>135,575</u>	<u>135,575</u>	<u>262,819</u>	<u>(127,244)</u>
Community Service:				
Miscellaneous	-	-	21,000	(21,000)
Total Community Service	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>(21,000)</u>
Municipal Court:				
Court expenses	-	-	127,679	(127,679)
Total Municipal Court	<u>-</u>	<u>-</u>	<u>127,679</u>	<u>(127,679)</u>
Other Financing Uses:				
Operating transfers to other funds	1,367,884	1,367,884	1,817,189	(449,305)
Total Other Financing Uses	<u>1,367,884</u>	<u>1,367,884</u>	<u>1,817,189</u>	<u>(449,305)</u>
Total Charges to Appropriations	3,285,190	3,400,150	4,045,352	(645,202)
Ending Budgetary Fund Balance	<u>\$ 630,989</u>	<u>\$ 516,029</u>	<u>\$ 951,466</u>	<u>\$ 435,437</u>

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
STREET FUND
FOR THE YEAR ENDED APRIL 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 157,654	\$ 157,654	\$ 157,654	\$ -
Prior Period Adjustment	-	-	(4,671)	(4,671)
Adj Beginning Budgetary Fund Balance	<u>157,654</u>	<u>157,654</u>	<u>152,983</u>	<u>(4,671)</u>
Resources (Inflows):				
Taxes:				
Sales taxes:				
Transportation	120,000	120,000	127,620	7,620
Motor vehicle	75,000	75,000	97,006	22,006
Motor fuel	200,000	200,000	199,701	(299)
Total Taxes	<u>395,000</u>	<u>395,000</u>	<u>424,327</u>	<u>29,327</u>
Investment Income	100	100	94	(6)
Miscellaneous	700	700	3,081	2,381
Other Financing Sources:				
Operating transfers to/from other funds	50,000	50,000	389,777	339,777
Total Other Financing Sources	<u>50,000</u>	<u>50,000</u>	<u>389,777</u>	<u>339,777</u>
Amounts available for appropriation	<u>603,454</u>	<u>603,454</u>	<u>970,262</u>	<u>366,808</u>
Charges to Appropriations (Outflows):				
Expenses				
Accounting	5,480	5,480	6,290	(810)
Equipment purchases	-	-	375	(375)
Contract labor	3,360	3,360	3,010	350
Dues	1,000	1,000	1,745	(745)
Interest	-	-	963	(963)
Fuel	15,060	15,060	8,776	6,284
Health insurance	8,580	8,580	1,361	7,219
Insurance	9,160	9,160	6,602	2,558
Miscellaneous	1,000	1,000	245	755
Loan payments	-	-	3,182	(3,182)
Payroll expenses	6,342	6,342	5,681	661
Repairs and maintenance	16,000	16,000	21,617	(5,617)
Retirement	7,008	7,008	7,166	(158)
Road materials	24,000	24,000	23,338	662
Salaries	71,044	71,044	70,251	793
Supplies	5,210	5,210	5,151	59
Training	500	500	310	190
Utilities	55,100	55,100	58,238	(3,138)
Capital Outlay	210,000	210,000	432,784	(222,784)
Total Expenses	<u>438,844</u>	<u>438,844</u>	<u>657,085</u>	<u>(218,241)</u>
Other Financing Uses:				
Operating transfers to other funds	-	-	156,053	(156,053)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>156,053</u>	<u>(156,053)</u>
Total Charges to Appropriations	<u>438,844</u>	<u>438,844</u>	<u>813,138</u>	<u>(374,294)</u>
Ending Budgetary Fund Balance	<u>\$ 164,610</u>	<u>\$ 164,610</u>	<u>\$ 157,124</u>	<u>\$ (7,486)</u>

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
PARK FUND
FOR THE YEAR ENDED APRIL 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 91,906	\$ 91,906	\$ 91,906	\$ -
Prior Period Adjustment	-	-	30,538	30,538
Adj Beginning Budgetary Fund Balance	<u>91,906</u>	<u>91,906</u>	<u>122,444</u>	<u>30,538</u>
Resources (Inflows):				
Taxes:				
Sales taxes:				
City	102,000	102,000	127,632	25,632
Total Taxes	<u>102,000</u>	<u>102,000</u>	<u>127,632</u>	<u>25,632</u>
Investment Income	<u>100</u>	<u>100</u>	<u>27</u>	<u>(73)</u>
Miscellaneous	<u>-</u>	<u>-</u>	<u>28,093</u>	<u>28,093</u>
Other Financing Sources:				
Operating transfers from other funds	84,000	84,000	190,618	106,618
Grants	100,000	100,000	-	(100,000)
Total Other Financing Sources	<u>184,000</u>	<u>184,000</u>	<u>190,618</u>	<u>6,618</u>
Amounts available for appropriation	<u>378,006</u>	<u>378,006</u>	<u>468,814</u>	<u>90,808</u>
Charges to Appropriations (Outflows):				
Expenses				
Contract labor	-	-	1,161	(1,161)
Capital outlay	150,000	150,000	30,538	119,462
Fees	-	-	250	(250)
General supplies	2,500	2,500	6,066	(3,566)
Miscellaneous	250	250	803	(553)
Pool contract	14,000	14,000	14,000	-
Interest	-	-	1,959	(1,959)
Loan payments	71,886	104,716	104,658	58
Repairs and maintenance	56,000	56,000	15,068	40,932
Utilities	10,500	12,400	12,826	(426)
Depreciation	-	-	124,090	(124,090)
Total Expenses	<u>305,136</u>	<u>339,866</u>	<u>187,329</u>	<u>152,537</u>
Other Financing Uses:				
Operating transfers to other funds	52,000	52,000	193,474	(141,474)
Total Other Financing Uses	<u>52,000</u>	<u>52,000</u>	<u>193,474</u>	<u>(141,474)</u>
Total Charges to Appropriations	<u>357,136</u>	<u>391,866</u>	<u>380,803</u>	<u>11,063</u>
Ending Budgetary Fund Balance	<u>\$ 20,870</u>	<u>\$ (13,860)</u>	<u>\$ 88,011</u>	<u>\$ 101,871</u>

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED APRIL 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$(191,299)	\$(191,299)	\$(191,299)	\$ -
Prior Period Adjustment	-	-	(186,784)	(186,784)
Adj Beginning Budgetary Fund Balance	<u>(191,299)</u>	<u>(191,299)</u>	<u>(378,083)</u>	<u>(186,784)</u>
Resources (Inflows):				
Taxes:				
Sales taxes:				
City	120,000	120,000	127,631	7,631
Total Taxes	<u>120,000</u>	<u>120,000</u>	<u>127,631</u>	<u>7,631</u>
Investment Income	100	100	62	(38)
Solar panel project reimbursement	-	442,216	267,216	(175,000)
Other Financing Sources:				
Operating transfers from other funds	50,000	50,000	225,000	175,000
Grant	-	309,583	309,583	-
Total Other Financing Sources	<u>50,000</u>	<u>359,583</u>	<u>534,583</u>	<u>175,000</u>
Amounts available for appropriation	<u>(21,199)</u>	<u>730,600</u>	<u>551,409</u>	<u>(179,191)</u>
Charges to Appropriations (Outflows):				
Expenses				
CI Transportation Improvements	75,000	319,730	323,723	(3,993)
Engineering	-	3,783	3,783	-
Park Improvements	-	4,425	4,425	-
Miscellaneous	-	454,686	686	454,000
Total Expenses	<u>75,000</u>	<u>782,624</u>	<u>332,617</u>	<u>450,007</u>
Other Financing Uses:				
Operating transfers to other funds	76,905	109,735	106,618	3,117
Total Other Financing Uses	<u>76,905</u>	<u>109,735</u>	<u>106,618</u>	<u>3,117</u>
Total Charges to Appropriations	151,905	892,359	439,235	453,124
Ending Budgetary Fund Balance	<u><u>\$(173,104)</u></u>	<u><u>\$(161,759)</u></u>	<u><u>\$ 112,174</u></u>	<u><u>\$ 273,933</u></u>

**CITY OF CARL JUNCTION, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED APRIL 30, 2017**

Budgetary Accounting

The City prepares its budgets for the General, Street, Park, and Capital Improvement funds on the modified accrual basis of accounting as applied to the governmental funds in the basic financial statements.

Although the City is required to prepare an annual budget for all funds, there is no requirement to report on the budget for proprietary funds or non-major governmental funds. Therefore, the schedule includes the comparison of budget to actual only for the major governmental funds with a legally adopted budget.

CITY OF CARL JUNCTION, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	<u>2017</u>	<u>2016</u>
Total Pension Liability		
Service Cost	\$ 113,932	\$ 105,849
Interest on Total Pension Liability	190,218	171,668
Changes of Benefit Terms	296,229	-
Difference Between Expected and Actual Experience	(4,913)	60,673
Changes of Assumptions	139,540	-
Benefit Payments, Including Refunds	(98,989)	(74,072)
Net Change in Total Pension Liability	<u>636,017</u>	<u>264,118</u>
Total Pension Liability - Beginning	2,616,344	2,352,226
Total Pension Liability - Ending (a)	<u>\$ 3,252,361</u>	<u>\$ 2,616,344</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 96,338	\$ 104,892
Contributions - Employee	43,066	44,363
Net Investment Income	(4,468)	49,120
Benefit Payments, Including Refunds	(98,989)	(74,072)
Pension Plan Administrative Expense	(3,871)	(4,008)
Other (Net Transfer)	15,511	39,568
Net Change in Plan Fiduciary Net Position	<u>47,587</u>	<u>159,863</u>
Plan Fiduciary Net Position - Beginning	<u>2,625,285</u>	<u>2,465,422</u>
Plan Fiduciary Net Position - Ending (b)	2,672,872	2,625,285
Net Pension Liability/(Asset), Ending=(a)-(b)	<u>\$ 579,489</u>	<u>\$ (8,941)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.18%	100.34%
Covered-Employee Payroll	\$ 1,079,412	\$ 1,063,111
Net Pension Liability as a Percentage of Covered Employee Payroll	53.69%	-0.8410%

**CITY OF CARL JUNCTION, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM**

Fiscal Year Ending April 30	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2008	39,233	39,234	(0.47)	927,960	4.23%
2009	49,184	47,972	1,211.13	937,565	5.12%
2010	59,309	59,309	0.45	1,016,665	5.83%
2011	81,679	69,066	12,613.36	1,004,319	6.88%
2012	80,075	80,075	(0.17)	1,026,525	7.80%
2013	83,843	83,843	(0.07)	1,091,934	7.68%
2014	100,548	100,548	(0.45)	997,052	10.08%
2015	105,581	105,582	(0.34)	1,092,557	9.66%
2016	96,264	96,264	0.17	1,117,988	8.61%
2017	124,425	124,425	(0.10)	1,164,236	10.69%

Notes to Schedule:

Valuation Date: February 29, 2016

The roll-forward of total pension liability from February 29, 2016 to June 30, 2016 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple Bases from 13 to 26 years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Inflation	3.25% Wage Inflation; 2.5% Price Inflation
Salary Increases	3.25% to 6.55% Including Wage Inflation
Investment Rate of Return	7.25%, net of investment and administrative expenses
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality tables for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other Information	New assumptions adopted based on the 5-year experience study for the period of March 1, 2010 through February 28, 2015.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Board of Alderpersons
City of Carl Junction
303 N. Main Street
Carl Junction, Missouri 64834

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Carl Junction, Missouri's basic financial statements and have issued our report thereon dated September 19, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Carl Junction, Missouri's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carl Junction, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Carl Junction, Missouri's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

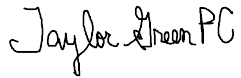
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Carl Junction, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Taylor Green PC

Neosho, Missouri

September 19, 2017