

# **CITY OF CARL JUNCTION**

**CARL JUNCTION, MISSOURI**

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

**YEAR ENDED APRIL 30, 2020**

**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, 2020, 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 governmental 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, 2020, 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 pension required supplementary information, on pages 3-15, pages 43-47 and pages 48-49 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carl Junction, Missouri's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Carl Junction, Missouri's 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 20, 2020

**City of Carl Junction  
Management's Discussion and Analysis  
April 30, 2020**

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, 2020. 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 \$36,519,692. The City has a total net position of \$36,519,692 primarily due to \$3,805,750 in net unrestricted balance.
- As of the close of the current fiscal year, the City of Carl Junction government wide activities reported a (\$470,283) net loss.
- The City of Carl Junction total governmental funds for the end of the fiscal year was reported as \$2,619,481 a 1.7% 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 \$42,950 with a depreciation expense of \$766,843 for a total change in net position of governmental activities of \$(209,076).
- The City of Carl Junction assets exceeded its liabilities for proprietary funds with total assets reported at \$18,934,253 and total liabilities reported at \$2,348,850.
- The statement of revenues, expenses and changes in fund net position for the proprietary funds showed total operating revenues of \$2,459,027 and total operating expenses of \$2,458,488 for an operating gain of \$539. As of the close of the fiscal year a total net ending position of \$16,585,403 for a decrease in net position over last fiscal year of \$261,207.
- The total proprietary fund balance for the end of the fiscal year was \$16,585,403. This provided a net cash by operating activities of \$650,521.

**Overview of the Financial Statements**

This discussion and analysis are 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 the 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: refuse collection and disposal services, which is operated under a contractual arrangement with a private hauler, 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 ten (10) 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, Police Fund, Street/Alley Fund, Park/Pool Fund, GO Bond Fund, Sales Tax Fund, Surplus Fund, Capital Improvement Fund, Storm-water/Park Fund, and the Waste Water I&I Abatement Fund.

The City of Carl Junction, Missouri, adopts an annual appropriated budget for all ten of the funds. Budgetary comparison statements have been provided for all budgeted 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 Water Works Fund and Waste Water Treatment Plant 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 41 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 Debt Service Fund.

The required supplementary information can be found on pages 43 through 49 of this report.

## **Supplemental Information**

The individual fund statements provide fund level detail for all major Governmental Funds and the Enterprise Funds.

The supplemental information can be found on pages 51 through 52 of this report.

## **Financial Analysis of the City as a Whole**

This is the fourth 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 \$36,519,692. 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, 2020**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash & cash equivalents	<b>1,950,127</b>	<b>1,668,086</b>	<b>3,618,213</b>
Internal balances	<b>17,339</b>	<b>(17,339)</b>	<b>-</b>
Prepaid Insurance	<b>11,718</b>	<b>10,026</b>	<b>21,744</b>
Taxes receivable	<b>149,641</b>	<b>-</b>	<b>149,641</b>
Accounts receivable, net	<b>4,850</b>	<b>216,647</b>	<b>221,497</b>
Total current assets	<b>2,133,675</b>	<b>1,877,420</b>	<b>4,011,095</b>
Restricted assets:			
Cash	<b>901,527</b>	<b>478,873</b>	<b>1,380,400</b>
Total restricted assets	<b>901,527</b>	<b>478,873</b>	<b>1,380,400</b>
Non-current assets:			
Capital assets:			
Land	<b>445,000</b>	<b>242,000</b>	<b>687,000</b>
Other capital assets, net of accumulated depreciation	<b>20,116,021</b>	<b>16,318,620</b>	<b>36,434,641</b>
Total non-current assets	<b>20,561,021</b>	<b>16,560,620</b>	<b>37,121,641</b>
Total Assets	<b>23,596,223</b>	<b>18,916,913</b>	<b>42,513,136</b>
Deferred outflows of resources:			
Relating to pension	<b>213,659</b>	<b>-</b>	<b>213,659</b>
Total Assets and Deferred Outflows	<b>23,809,882</b>	<b>18,916,913</b>	<b>42,726,795</b>

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	39,072	12,862	51,934
Pension Payable	13,881	-	13,881
Accrued liabilities	241,659	124,424	366,083
Current maturities of long-term debt	346,514	206,531	553,045
Total current liabilities	641,126	343,817	984,943
Non-current liabilities			
Meter deposits payable	-	187,611	187,611
Lease purchase agreement payable	2,897,598	1,800,083	4,697,681
Net Pension Liability	146,000	-	146,000
Total non-current liabilities	3,043,598	1,987,694	5,031,292
Total Liabilities	3,684,724	2,331,511	6,016,235
Deferred inflows of resources:			
Relating to Pensions	190,868	-	190,868
<b>NET POSITION</b>			
Net investment in capital assets	17,316,910	14,554,006	31,870,915
Nonspendable	11,718	-	11,718
Restricted for:			
Bond Requirements	-	267,190	267,190
Street Improvements	342,656	-	342,656
Shop with a Cop	8,194	-	8,194
Court Bonds	9,475	-	9,475
Deposits	10,350	193,445	203,795
Unrestricted	2,234,988	1,570,762	3,805,750
Round	-	(1)	(1)
Total Net Position	19,934,290	16,585,402	36,519,692

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 \$36,519,692.

### Government Activities

Governmental activities decreased the City of Carl Junction, Missouri's net position by \$209,076. The comparative Condensed Statement of Changes in Net Position is as follows:

City of Carl Junction  
Condensed Statement of Changes in Net Position  
April 30, 2020

		Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/Programs	Expenses				
<b>Primary Government:</b>					
Governmental Activities:					
General & Administrative	(1,290,446)	-	-	-	(1,290,446)
Municipal Court	(93,609)	-	-	-	(93,609)
Police Department	(1,066,302)	151,147	85,294	-	(829,861)
Trash	-	75,644	-	-	75,644
Community service	(44,000)	-	-	-	(44,000)
Park department	(281,268)	-	-	-	(281,268)
Street	(578,714)	-	-	-	(578,714)
Capital improvements	(16,815)	-	-	-	(16,815)
Debt services	(2,986)	-	-	-	(2,986)
Total governmental activities	(3,374,140)	226,791	85,294	-	(3,062,055)
Business-type activities					
Sewer fund	(1,271,231)	1,225,804	-	-	(45,427)
Water fund	(1,226,997)	1,157,315	-	-	(69,682)
Total business-type activities	(2,498,228)	2,383,119	-	-	(115,109)
<b>Total primary government</b>	<b>(5,872,368)</b>	<b>2,609,910</b>	<b>85,294</b>	<b>-</b>	<b>(3,177,164)</b>

	Primary Government		
	Governmental	Business-type	
Change in net position	Activities	Activities	Total
<b>Net (expense) Revenue</b>			
<b>General Revenues:</b>			
Taxes:			
Sales taxes:			
General	357,865	-	357,865
City	410,803	-	410,803
Motor vehicle	103,123	-	103,123
Motor fuel taxes	203,030	-	203,030
Property taxes	847,900	-	847,900
Franchise taxes (fees)	453,063	-	453,063
Dog pound	990	-	990
Licenses and permits	133,013	-	133,013
Intergovernmental rent	52,735	-	52,735
Interest income	1336	847	2,183
Miscellaneous	66,268	75,908	142,176
Net transfers	222,853	(222,853)	-
Total general revenues	2,852,979	(146,098)	2,706,881
<b>Net position - beginning</b>	20,143,366	16,846,610	39,989,976
<b>Changes in net position</b>	(209,076)	(261,207)	(470,283)
<b>Round</b>	-	(1)	(1)
<b>Net position - ending</b>	19,934,290	16,585,402	36,519,692

### 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 2020 the unassigned fund balance of the general fund was \$(38,420), while the total fund balance was \$1,438,144. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents (2.7)% of total general fund expenditures, while total fund balance represents 54.9% of total general fund expenditures.

The fund balance in the City's general fund decreased by \$68,835 or 4.6% 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 \$6,000,273, a decrease in net position of \$180,554 from the prior year.

Net position of the Wastewater system fund at end of fiscal year amounted to \$10,585,130, a decrease in net position of \$80,653 from the prior year.

Total net position of the Proprietary Funds at end of fiscal year amounted to \$16,585,403, a decrease in net position of \$261,207 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 had increases in expenses for 2 line items. Miscellaneous expenses increased with the refund of a deposit made by a subdivision developer. The tornado that occurred on May 22<sup>nd</sup>, 2019 caused significant damage to the Briarbrook area of the City. Debris removal was paid for from the General Fund and was the largest unbudgeted expense.

Street and Alley fund increase in expense was attributed to the large repair needed to a leaf vacuum.

Water and wastewater expense both had increased expenses to their General Maintenance line item for meters. The old electronic MXU is no longer supported from the manufacturer and is being replaced with one that is usable in the future for an AMI system. The wastewater also saw an increase in the Engineering line item as a facility plan was updated at the request of the Missouri Department of Natural Resources.

GO Bond fund showed increases to the refunds to customers and Bond Interest. Those items are variable from year to year.

Sales Tax Fund transfer to General fund was to allocate funds for tornado expenses.

Stormwater Fund expenses increased for the purchase of materials for projects in Memorial Park, Fairway Drive, Briarbrook Drive and Country Club Park. Engineering increased for a project for bank stabilization along Center Creek.

	<b>Budgeted Amount</b>	<b>Actual Amount</b>
<b>General Fund</b>		
Miscellaneous Expense	\$2,000	\$62,000
Tornado Expense	-	\$250,000
<b>Street/Alley Fund</b>		
Repair & Maint Equipment	\$12,000	\$19,000
<b>Waterworks Fund</b>		
Gen Maint-Meters	\$30,000	\$50,000
<b>WWTP Fund</b>		
Gen Maint-Meters	\$30,000	\$50,000
Engineering	\$25,000	\$51,000
<b>GO Bond Fund</b>		
Refunds to Customers	-	\$3,000
DS2012 Bond Interest	\$102,031	\$106,200
<b>Sales Tax Fund</b>		
Trf to General Fund	\$304,250	\$490,000
<b>Stormwater Fund</b>		
Engineering	-	\$32,000
Materials	\$25,000	\$30,000

## Capital Assets

The City has invested \$37,121,641 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 (including additions and deductions) of \$1,332,726. Capital asset activity resulting from accrual based transactions for the fiscal year ended April 30, 2020 was as follows:

	Balance at May 1, 2019	Additions	Deductions	Balance at April 30,2020
<b>Governmental activities:</b>				
Land (non-depreciable)	445,000	-	-	445,000
Buildings	17,312,495	-	-	17,312,495
Machinery & Equipment	1,235,993	72,053	41,000	1,267,046
Vehicles	250,236	26,900	7,500	269,636
Improvements	528,519	161,889	-	690,408
Infrastructure	15,668,250	-	-	15,668,250
<b>Total at historical cost</b>	<b>35,440,493</b>	<b>260,842</b>	<b>48,500</b>	<b>36,652,835</b>
Less accumulated depreciation:				
Buildings	7,551,249	346,377	-	7,897,626
Machinery & Equipment	571,493	77,279	15,987	632,785
Vehicles	90,859	35,769	6,709	119,919
Improvements	54,428	28,397	-	82,825
Infrastructure	6,079,637	279,021	-	6,358,658
<b>Total accumulated depreciation</b>	<b>14,347,666</b>	<b>766,843</b>	<b>22,696</b>	<b>15,091,813</b>
<b>Round</b>	-	-	-	<b>(1)</b>
<b>Governmental activities capital assets, net</b>	<b>21,092,827</b>	<b>(506,001)</b>	<b>25,804</b>	<b>20,561,021</b>
<b>Business-type activities:</b>				
Land (non-depreciable)	242,000	-	-	242,000
Buildings	23,021,697	-	-	23,021,697
Machinery and Equipment	2,671,942	-	10,000	2,661,942
Vehicles	217,577	23,995	2,525	239,047
Infrastructure	15,031,684	151,620	-	15,186,304
<b>Totals at historical cost</b>	<b>41,184,900</b>	<b>175,615</b>	<b>12,525</b>	<b>41,347,990</b>
Less accumulated depreciation:				
Buildings	13,936,417	430,835	-	14,367,252
Machinery & Equipment	1,459,919	140,717	6,972	1,593,664
Vehicles	105,532	22,602	2,259	125,875
Infrastructure	8,321,492	379,086	-	8,700,578
<b>Total accumulated depreciation</b>	<b>23,823,361</b>	<b>973,240</b>	<b>9,231</b>	<b>24,787,369</b>
<b>Round</b>	-	-	-	<b>(1)</b>
<b>Business-type activities capital assets, net</b>	<b>17,361,540</b>	<b>(797,625)</b>	<b>3,294</b>	<b>16,560,620</b>
<b>Total Assets (net)</b>	<b>38,454,367</b>			<b>37,121,641</b>

## Long-Term Debt

At the end of April 2020, the City had outstanding long-term debt obligations for governmental and business-type activities in the amount of \$5,250,726 compared to \$5,738,563 in 2019. The 8.5% 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, 2019	Additions	Reductions	Balance April 30, 2020
General Obligation Bonds	\$ 3,300,000	-	275,000	\$ 3,025,000
Revenue Bonds	2,161,183	-	189,466	1,971,717
Notes Payable	277,380	-	23,371	254,009
<b>Total Long-Term Debt</b>	<b>\$ 5,738,563</b>	-	<b>\$ 487,837</b>	<b>\$ 5,250,726</b>

## Economic Factors and Next Year's Budget

General Fund Revenue for fiscal year 2020-2021 is projected to be flat or a very small increase. 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 expenditures are related to park and pool maintenance. There will be some expenditure on the development of a Veterans Memorial. Any improvements or new items are budgeted through the Capital Improvement Sales Tax or by accrual of funds for specific activities.

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 is being done in phases to allow budgeting. The project is currently in a phase 1 and 30% was completed in fiscal year 2019-2020. A comprehensive rate study is now done annually to make sure that rates are correctly set.



The Wastewater Proprietary Fund has a healthy reserve and no large projects are anticipated this year. A large note was paid off in 2016 for the installation of a lift station on Highway JJ. A large renovation at the treatment plant was 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 Small Communities Engineering Assistance Grant from the Missouri Department of Natural Resources starting in September of 2018 will be used to analyze I&I for a system wide approach. A comprehensive rate study is now done on an annual basis to make sure that rates are correctly set. The 2002 Series Bonds were due to be paid off in 2023, paying this bond off early with reserves saves 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 be flat at a very conservative rate of less than 1/2% as it has annually for the past 18 years. Total assessed value has grown steadily at 1.5% annually for the last three years and at 4.7% when comparing the year 2000 to the year 2019. The annual tax levy has changed by 1/2% 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: City Clerk, 303 N Main, Carl Junction, MO 64834

**CITY OF CARL JUNCTION, MISSOURI**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2020**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,950,127	\$ 1,668,086	\$ 3,618,213
Internal balances	17,339	(17,339)	-
Prepaid Insurance	11,718	10,026	21,744
Taxes receivable	149,641	-	149,641
Accounts receivable, net	4,850	216,647	221,497
Total current assets	<u>2,133,675</u>	<u>1,877,420</u>	<u>4,011,095</u>
Restricted assets:			
Cash	901,527	478,873	1,380,400
Total restricted assets	<u>901,527</u>	<u>478,873</u>	<u>1,380,400</u>
Non-current assets:			
Capital assets:			
Land	445,000	242,000	687,000
Other capital assets, net of accumulated depreciation	20,116,021	16,318,620	36,434,641
Total non-current assets	<u>20,561,021</u>	<u>16,560,620</u>	<u>37,121,641</u>
Total Assets	<u>23,596,223</u>	<u>18,916,913</u>	<u>42,513,136</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Relating to pensions	213,659	-	213,659
Total Deferred Outflows of Resources	<u>213,659</u>	<u>-</u>	<u>213,659</u>
Total Assets and Deferred Outflows	<u>\$ 23,809,882</u>	<u>\$ 18,916,913</u>	<u>\$ 42,726,795</u>

(Continued)

See accompanying notes to the basic financial statements.

**CITY OF CARL JUNCTION, MISSOURI**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2020**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 39,072	\$ 12,862	\$ 51,934
Pension payable	13,881	-	13,881
Accrued liabilities	241,659	124,424	366,083
Current maturities of long-term debt	346,514	206,531	553,045
Total current liabilities	<u>641,126</u>	<u>343,817</u>	<u>984,943</u>
Non-current liabilities:			
Meter deposits payable	-	187,611	187,611
Lease purchase agreement payable	2,897,598	1,800,083	4,697,681
Net pension liability	146,000	-	146,000
Total non-current liabilities	<u>3,043,598</u>	<u>1,987,694</u>	<u>5,031,292</u>
Total Liabilities	<u>3,684,724</u>	<u>2,331,511</u>	<u>6,016,235</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Relating to pensions	190,868	-	190,868
Total Deferred Inflows of Resources	<u>190,868</u>	<u>-</u>	<u>190,868</u>
Total Liabilities and Deferred Inflows	<u>\$ 3,875,592</u>	<u>\$ 2,331,511</u>	<u>\$ 6,207,103</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 17,316,909	\$ 14,554,006	\$ 31,870,915
Nonspendable	11,718	-	11,718
Restricted for:			
Bond requirements	-	267,190	267,190
Street improvements	342,656	-	342,656
Shop with a Cop	8,194	-	8,194
Court Bonds	9,475	-	9,475
Deposits	10,350	193,445	203,795
Unrestricted	2,234,988	1,570,762	3,805,750
Total Net Position	<u>\$ 19,934,290</u>	<u>\$ 16,585,403</u>	<u>\$ 36,519,693</u>
Round	-	(1)	(1)
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 23,809,882</u>	<u>\$ 18,916,913</u>	<u>\$ 42,726,795</u>

See accompanying notes to the basic financial statements.

**CITY OF CARL JUNCTION, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General and administrative	\$ (1,290,446)	\$ -	\$ -	\$ -	\$ (1,290,446)
Municipal court	(93,609)	-	-	-	(93,609)
Police department	(1,066,302)	151,147	85,294	-	(829,861)
Trash	-	75,644	-	-	75,644
Community service	(44,000)	-	-	-	(44,000)
Park department	(281,268)	-	-	-	(281,268)
Street	(578,714)	-	-	-	(578,714)
Capital improvements	(16,815)	-	-	-	(16,815)
Debt services	(2,986)	-	-	-	(2,986)
Total governmental activities	<u>(3,374,140)</u>	<u>226,791</u>	<u>85,294</u>	<u>-</u>	<u>(3,062,055)</u>
Business-type activities:					
Sewer fund	(1,271,231)	1,225,804	-	-	(45,427)
Water fund	(1,226,997)	1,157,315	-	-	(69,682)
Total business-type activities	<u>(2,498,228)</u>	<u>2,383,119</u>	<u>-</u>	<u>-</u>	<u>(115,109)</u>
<b>Total primary government</b>	<u><u>\$ (5,872,368)</u></u>	<u><u>\$ 2,609,910</u></u>	<u><u>\$ 85,294</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (3,177,164)</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, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Change in net position:</b>			
<b>Net (expense) revenue</b>	\$ (3,062,055)	\$ (115,109)	\$ (3,177,164)
<b>General revenues:</b>			
Taxes:			
Sales taxes:			
General	357,865	-	357,865
City	410,803	-	410,803
Motor vehicle	103,123	-	103,123
Motor fuel taxes	203,030	-	203,030
Property taxes	847,900	-	847,900
Franchise taxes (fees)	453,063	-	453,063
Dog pound	990	-	990
Licenses and permits	133,013	-	133,013
Intergovernmental rent	52,735	-	52,735
Interest income	1,336	847	2,183
Miscellaneous	66,268	75,908	142,176
Net transfers	222,853	(222,853)	-
Total general revenues	2,852,979	(146,098)	2,706,881
<b>Net position—beginning</b>	20,143,366	16,846,610	36,989,976
<b>Change in net position</b>	(209,076)	(261,207)	(470,283)
<b>Round</b>	-	-	-
<b>Net position—ending</b>	\$ 19,934,290	\$ 16,585,403	\$ 36,519,693

See accompanying notes to the basic financial statements.

**CITY OF CARL JUNCTION, MISSOURI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**APRIL 30, 2020**

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Current assets:				
Cash	\$ 771,898	\$ 348,166	\$ 830,063	\$ 1,950,127
Internal balances	17,339	-	-	17,339
Prepaid insurance	10,628	1,090	-	11,718
Taxes receivable	80,388	-	69,253	149,641
Accounts receivable, net	4,850	-	-	4,850
	<u>885,103</u>	<u>349,256</u>	<u>899,316</u>	<u>2,133,675</u>
Restricted assets:				
Cash	901,527	-	-	901,527
	<u>901,527</u>	<u>-</u>	<u>-</u>	<u>901,527</u>
Total Assets	<u>\$ 1,786,630</u>	<u>\$ 349,256</u>	<u>\$ 899,316</u>	<u>\$ 3,035,202</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 27,976	\$ 5,499	\$ 5,597	\$ 39,072
Pension payable	13,881	-	-	13,881
Accrued liabilities	241,648	11	-	241,659
Total Liabilities	<u>283,505</u>	<u>5,510</u>	<u>5,597</u>	<u>294,612</u>
Deferred Inflows of Resources:				
Non-current taxes receivable	64,981	-	56,128	121,109
Total Deferred Inflows of Resources	<u>64,981</u>	<u>-</u>	<u>56,128</u>	<u>121,109</u>
Fund Balances:				
Unassigned	(38,420)	-	-	(38,420)
Assigned	564,777	-	-	564,777
Committed	872,731	-	837,591	1,710,322
Restricted	28,428	342,656	-	371,084
Nonspendable	10,628	1,090	-	11,718
Total Fund Balances	<u>1,438,144</u>	<u>343,746</u>	<u>837,591</u>	<u>2,619,481</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,786,630</u>	<u>\$ 349,256</u>	<u>\$ 899,316</u>	<u>\$ 3,035,202</u>
<b>Reconciliation to Statement of Net Position:</b>				
Total fund balance - total governmental funds				\$ 2,619,481
Amounts reported for governmental activities in the statement of net position is different because:				
Capital assets used in governmental activities of \$35,652,835 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$15,091,813.				20,561,021
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.				121,109
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				(3,244,112)
Pension benefits are reported as they are earned in the statement of net position:				
Net pension liability				(146,000)
Deferred outflow of resources relating to pension				213,659
Deferred inflow of resources relating to pension				(190,868)
Net position of governmental activities				<u>\$ 19,934,290</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, 2020**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 1,279,920	\$ 443,090	\$ 678,123	\$ 2,401,133
Fines	151,147	-	-	151,147
Trash	75,644	-	-	75,644
Grant	85,294	-	-	85,294
Dog pound	990	-	-	990
Licenses and permits	133,013	-	-	133,013
Intergovernmental rent	52,735	-	-	52,735
Interest income	758	173	405	1,336
Miscellaneous	58,025	1,142	7,101	66,268
Total Revenues	<u>1,837,526</u>	<u>444,405</u>	<u>685,629</u>	<u>2,967,560</u>
<b>Expenditures:</b>				
Current:				
General and administrative	1,065,399	-	-	1,065,399
Health insurance premiums	350,709	-	-	350,709
Municipal court	93,609	-	-	93,609
Police department	966,641	-	-	966,641
Community service	44,000	-	-	44,000
Park department	-	-	276,508	276,508
Streets	-	330,797	-	330,797
Capital improvements	-	-	16,815	16,815
Debt service	-	-	2,986	2,986
Total Expenditures	<u>2,520,358</u>	<u>330,797</u>	<u>296,309</u>	<u>3,147,464</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (682,832)</u>	<u>\$ 113,608</u>	<u>\$ 389,320</u>	<u>\$ (179,904)</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, 2020**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	2,551,420	105,861	235,349	2,892,630
Operating transfers out	(1,937,423)	(160,163)	(572,190)	(2,669,776)
Total Other Financing Sources (Uses)	<u>613,997</u>	<u>(54,302)</u>	<u>(336,841)</u>	<u>222,854</u>
Net change in fund balances	(68,835)	59,306	52,479	42,950
Fund balances--beginning	1,506,979	284,440	785,112	2,576,531
Fund balances--ending	<u>\$ 1,438,144</u>	<u>\$ 343,746</u>	<u>\$ 837,591</u>	<u>\$ 2,619,481</u>

**Reconciliation to the Statement of Activities:**

Net change in fund balances - total governmental funds \$ 42,950

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 changes in the liability and investment experience.

Current year pension expense (17,036)

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.

288,558

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(17,547)

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 260,842

Depreciation expense (766,843)

Change in Net Position of Governmental Activities \$ (209,076)

See accompanying notes to the basic financial statements.



**CITY OF CARL JUNCTION, MISSOURI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2020**

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
<b>ASSETS</b>			
Current assets:			
Cash	\$ 306,823	\$ 1,361,264	\$ 1,668,087
Prepaid insurance	3,670	6,356	10,026
Accounts receivable, net	103,709	112,938	216,647
Total current assets	<u>414,202</u>	<u>1,480,558</u>	<u>1,894,760</u>
Restricted assets:			
Cash	209,892	268,981	478,873
Total restricted assets	<u>209,892</u>	<u>268,981</u>	<u>478,873</u>
Non-current assets:			
Capital assets:			
Land	92,000	150,000	242,000
Other capital assets, net of accumulated depreciation	5,966,355	10,352,265	16,318,620
Total non-current assets	<u>6,058,355</u>	<u>10,502,265</u>	<u>16,560,620</u>
Total Assets	<u>\$ 6,682,449</u>	<u>\$ 12,251,804</u>	<u>\$ 18,934,253</u>

(Continued)

See accompanying notes to the basic financial statements.

## CITY OF CARL JUNCTION, MISSOURI

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

APRIL 30, 2020

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 692	\$ 12,170	\$ 12,862
Accrued liabilities	62,206	62,218	124,424
Internal balances	-	17,339	17,339
Current maturities of long-term debt	105,000	101,531	206,531
Total current liabilities	<u>167,898</u>	<u>193,258</u>	<u>361,156</u>
Non-current liabilities:			
Meter deposits payable	187,611	-	187,611
Lease Purchase Agreement payable	326,667	1,473,416	1,800,083
Total non-current liabilities	<u>514,278</u>	<u>1,473,416</u>	<u>1,987,694</u>
Total Liabilities	<u>682,176</u>	<u>1,666,674</u>	<u>2,348,850</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,626,688	8,927,318	14,554,006
Restricted for:			
Bond requirement	4,042	263,148	267,190
Deposits	187,611	5,834	193,445
Unrestricted	181,932	1,388,830	1,570,762
Total Net Position	<u>6,000,273</u>	<u>10,585,130</u>	<u>16,585,403</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 6,682,449</u>	<u>\$ 12,251,804</u>	<u>\$ 18,934,253</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, 2020**

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
<b>Operating Revenues:</b>			
Charges for services:			
Water	\$ 1,097,756	\$ -	\$ 1,097,756
Sewer	-	1,206,125	1,206,125
Penalties	59,559	19,679	79,238
Miscellaneous	13,258	62,650	75,908
	<u>1,170,573</u>	<u>1,288,454</u>	<u>2,459,027</u>
<b>Total Operating Revenues</b>			
	<u>1,170,573</u>	<u>1,288,454</u>	<u>2,459,027</u>
<b>Operating Expenses:</b>			
Accounting	5,100	5,100	10,200
Advertising	161	-	161
Attorney	-	5,850	5,850
Contract labor & engineering	16,483	50,075	66,558
Depreciation	382,516	590,724	973,240
Dues	1,742	3,206	4,948
General supplies	29,520	11,185	40,705
Insurance	23,081	38,683	61,764
Meter reading expense	36,596	-	36,596
Miscellaneous and travel	49,074	17,755	66,829
Office supplies	20,947	21,023	41,970
Payroll expenses	19,881	18,987	38,868
Professional fees	5,850	19,008	24,858
Repairs and maintenance	197,031	22,526	219,557
Retirement	28,042	27,383	55,425
Salaries	275,273	264,718	539,991
Sewer Materials	-	53,752	53,752
Sludge Removal	566	-	566
Training	4,047	3,719	7,766
Utilities	107,913	80,282	188,195
Vehicle	10,013	10,676	20,689
	<u>1,213,836</u>	<u>1,244,652</u>	<u>2,458,488</u>
<b>Total Operating Expenses</b>			
	<u>1,213,836</u>	<u>1,244,652</u>	<u>2,458,488</u>
<b>Operating Income (Loss)</b>	<b>(43,263)</b>	<b>43,802</b>	<b>539</b>

(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, 2020**

	<b>Business-type Activities</b>		<b>Total Proprietary Funds</b>
	<b>Waterworks System Fund</b>	<b>Wastewater System Fund</b>	
<b>Non-Operating Revenues (Expenses):</b>			
Interest and investment revenue	166	681	847
Interest expense	(13,161)	(26,410)	(39,571)
Loss on sale of assets	-	(169)	(169)
 Total Non-Operating Revenues (Expenses)	(12,995)	(25,898)	(38,893)
 Net Income (Loss) Before Transfers	(56,258)	17,904	(38,354)
 Operating transfers in	122,610	87,141	209,751
Operating transfers out	(246,906)	(185,698)	(432,604)
 Change in net position	(180,554)	(80,653)	(261,207)
 Total net position - beginning	6,180,827	10,665,783	16,846,610
 Total net position - ending	\$ 6,000,273	\$ 10,585,130	\$ 16,585,403

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, 2020**

	<b>Business-type Activities</b>		<b>Total Proprietary Funds</b>
	<b>Waterworks System Fund</b>	<b>Wastewater System Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,159,398	\$ 1,274,153	\$ 2,433,551
Cash paid to suppliers and employees	(815,865)	(704,741)	(1,520,606)
Operating transfers in	122,610	87,141	209,751
Operating transfers out	(246,906)	(185,698)	(432,604)
Interest paid	(13,161)	(26,410)	(39,571)
Net Cash Provided by Operating Activities	<u>206,076</u>	<u>444,445</u>	<u>650,521</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	(49,609)	(49,609)
Cash received from sales of capital assets	(1)	3,293	3,292
Principal and interest paid on bonds, notes, and lease obligations	(101,666)	(98,075)	(199,741)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(101,667)</u>	<u>(144,391)</u>	<u>(246,058)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	104,409	300,054	404,463
Balances - beginning of the year	412,306	1,330,196	1,742,502
Round	-	(5)	(5)
Balances - end of the year	<u>\$ 516,715</u>	<u>\$ 1,630,245</u>	<u>\$ 2,146,960</u>

	<b>Business-type Activities</b>		<b>Total Proprietary Funds</b>
	<b>Waterworks System Fund</b>	<b>Sewer Revenue Fund</b>	
Net Income/Loss	\$ (180,554)	\$ (80,653)	\$ (261,207)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and Amortization expense	382,516	590,724	973,240
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(11,341)	(14,987)	(26,328)
(Increase) decrease in prepaid expenses	-	(2)	(2)
Increase (decrease) in customer deposits payable	8,915	-	8,915
Increase (decrease) in accrued liabilities	6,020	6,020	12,040
Increase (decrease) in accounts payable	520	(56,657)	(56,137)
Net cash provided by operating activities	<u>\$ 206,076</u>	<u>\$ 444,445</u>	<u>\$ 650,521</u>

See accompanying notes to the basic financial statements.

**CITY OF CARL JUNCTION, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2020**

**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

**CITY OF CARL JUNCTION, MISSOURI**  
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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 four major funds: the General fund, the Street 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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<u>Fund</u>	<u>Brief Description</u>
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.

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).

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, 2020, the reported amount of the City’s deposits was \$4,998,232 and the bank balance was \$5,098,486. 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.

**CITY OF CARL JUNCTION, MISSOURI**  
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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:

	<b>Gross receivable</b>	<b>Allowance</b>	<b>Net Receivable</b>
Governmental	\$154,491	\$0	\$154,491
Proprietary	\$230,535	\$(13,888)	\$216,647

**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, 2020 fund balances on the Balance Sheet as follows:

- 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.

**CITY OF CARL JUNCTION, MISSOURI**  
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- 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 2019 for the purposes of local taxation was:

Real Estate	\$90,786,004
-------------	--------------

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

General Fund	\$ .4892
Debt Service Fund	\$ .4216
	\$ .9108

**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.

**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.

**CITY OF CARL JUNCTION, MISSOURI**  
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**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, 2020, the City was in compliance with certain restrictions placed over revenue sources from state, local, or debt requirements. The primary restricted revenue sources include:

<b><u>Revenue Source</u></b>	<b><u>Legal Restrictions of Use</u></b>
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 \$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.

**CITY OF CARL JUNCTION, MISSOURI**  
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- 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.
- c. The annual amount required by the User Charge Ordinance to be deposited in the Sewer Repair and Replacement Account is \$67,000. 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, 2020, was as follows:

	Balance at May 1, 2019	Additions	Deductions	Balance at April 30, 2020
<i>Governmental activities:</i>				
Land (non-depreciable)	\$ 445,000	\$ -	\$ -	\$ 445,000
Buildings	17,312,495	-	-	17,312,495
Machinery and Equipment	1,235,993	72,053	41,000	1,267,046
Vehicles	250,236	26,900	7,500	269,636
Improvements	528,519	161,889	0	690,408
Infrastructure	15,668,250	0	0	15,668,250
<b>Totals at historical cost</b>	<b>35,440,493</b>	<b>260,842</b>	<b>48,500</b>	<b>35,652,835</b>
Less accumulated depreciation:				
Buildings	7,551,249	346,377	-	7,897,626
Machinery & Equipment	571,493	77,279	15,987	632,785
Vehicles	90,859	35,769	6,709	119,919
Improvements	54,428	28,397	-	82,825
Infrastructure	6,079,637	279,021	-	6,358,659
<b>Total accum. depreciation</b>	<b>14,347,666</b>	<b>766,843</b>	<b>22,696</b>	<b>15,091,813</b>
<b>Round</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 21,092,827</b>	<b>\$ (506,001)</b>	<b>\$ 25,804</b>	<b>\$ 20,561,021</b>
<i>Business-type activities:</i>				
Land (non-depreciable)	\$ 242,000	\$ -	\$ -	\$ 242,000
Buildings	23,021,697	-	-	23,021,697
Machinery and Equipment	2,671,942	-	10,000	2,661,942
Vehicles	217,577	23,995	2,525	239,047
Infrastructure	15,031,684	151,620	-	15,183,304
<b>Totals at historical cost</b>	<b>41,184,900</b>	<b>175,615</b>	<b>12,525</b>	<b>41,347,990</b>

**CITY OF CARL JUNCTION, MISSOURI**  
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Less accumulated depreciation:				
Buildings	13,936,417	430,835	0	14,367,252
Machinery and Equipment	1,459,919	140,717	6,972	1,593,664
Vehicles	105,532	22,602	2,259	125,875
Infrastructure	8,321,492	379,086	0	8,700,578
<b>Total accum. depreciation</b>	<b>23,823,361</b>	<b>973,240</b>	<b>9,231</b>	<b>24,787,369</b>
<b>Round</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>Business-type activities capital assets, net</b>	<b>17,361,540</b>	<b>(797,625)</b>	<b>3,294</b>	<b>16,560,620</b>
<b>Total Assets (net)</b>	<b>38,454,367</b>			<b>\$ 37,121,641</b>

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

**Governmental Activities**

General Fund	\$271,300
Street Fund	\$354,904
Park Fund	\$140,639

**Business-Type Activities**

Water Fund	\$382,516
Wastewater Fund	\$590,724

**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.

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	9,475
Shop with a Cop	8,194
Reserves	873,508
Building Deposit	10,350
Wastewater Repair & Replacement	263,147
FRPV Deposit	5,834
Waterworks Repair & Replacement	20,890
Water Deposits	189,002
	<u>\$1,380,400</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	\$187,611
Sewer Deposits Payable	5,834
Building Deposits Payable	10,350

**CITY OF CARL JUNCTION, MISSOURI**  
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**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.	9,371
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.	3,025,000
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.	431,667
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.	244,638
On September 19, 2013, the City authorized Series 2013 bonds for sewer system improvements in the amount of \$2,050,000. Interest at 1.55%. Maturity date is July 1, 2034.	<u>1,540,050</u>
Total	\$5,250,726
Less portion considered current	<u>(553,045)</u>
Total Long-Term Liabilities	<u>\$4,697,681</u>

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

Year Ending	Principal	Interest
<u>April 30,</u>	<u>          </u>	<u>          </u>
2021	553,045	154,240
2022	560,544	125,951
2023	586,429	123,593
2024	616,132	91,553
2025	527,530	77,053
2026-2030	1,917,996	159,205
2031-2035	<u>489,050</u>	<u>21,638</u>
Total	<u>\$ 5,250,726</u>	<u>\$ 753,233</u>

Total interest expense on the above liabilities was \$147,166 during the year ended April 30, 2020.

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended April 30, 2020:

**CITY OF CARL JUNCTION, MISSOURI**  
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Type of Debt	Balance April 30, 2019	Additions	Reductions	Balance April 30, 2020
General Obligation Bonds	\$3,300,000	\$ 0	\$ 275,000	\$3,025,000
Revenue Bonds	2,161,183	0	189,466	1,971,717
Notes Payable	277,380	0	23,371	254,009
Total Long-Term Debt				\$5,250,726

**NOTE 4. OTHER NOTES**

**4. A. SUBSEQUENT EVENTS**

**4. A. 1. SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen and the related financial impact and duration cannot be reasonably determined at this time.

**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.
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.

**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](http://www.molagers.org).



**CITY OF CARL JUNCTION, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2020**

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>2019 Valuation</u>
Benefit multiplier:	2%
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, 2020 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>31</u>
Total	<u>56</u>

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 11.4% (general) and 10.3% (police) of annual covered payroll.

Net Pension Liability -- The City’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

Actuarial assumptions -- The total pension liability in the February 28, 2019, 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.

**CITY OF CARL JUNCTION, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2020**

The actuarial assumptions used in the February 28, 2019, 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
Alpha	15%	3.67%
Equity	35%	4.78%
Fixed Income	31%	1.41%
Real Assets	36%	3.29%
Strategic Assets	8%	5.25%
Cash	10%	0%
Leverage	-35%	-0.51%

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.

Changes in the Net Pension Liability:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balances at 6/30/18</b>	<b>\$3,801,941</b>	<b>\$3,604,508</b>	<b>\$197,433</b>
Changes for the year:			
Service Cost	147,761		
Interest	277,819		
Changes of Benefit Terms	0		
Diff Between Exp/Actual	(9,622)		
Employer Contributions		140,813	
Employee Contributions		49,735	
Net Investment Income		256,089	
Changes of Assumptions	0		
Benefit Payments	(86,593)	(86,593)	
Administrative Expense		(6,280)	
Other Changes		27,032	
<b>Net Changes</b>	<b>329,365</b>	<b>380,796</b>	
Rounding	0	2	
<b>Balances at 6/30/19</b>	<b>\$4,131,306</b>	<b>\$3,985,306</b>	<b>\$146,000</b>

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

**CITY OF CARL JUNCTION, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2020**

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%
\$769,987	\$146,000	\$(364,688)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -- For the year ended April 30, 2020, the employer recognized pension expense of \$119,981.

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	\$29,037	\$(60,925)
Changes in assumptions	44,476	(8,322)
Excess (deficit) investment returns	0	(96,733)
Contributions subsequent to the measurement date*	140,146	(24,888)
<b>Total</b>	<b>\$213,659</b>	<b>\$(190,868)</b>

\*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, 2020.

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

Year Ended:	
2020	\$ (473)
2021	70,685
2022	(39,158)
2023	(6,433)
2024	(1,831)
Thereafter	<u>3</u>
Total	\$ 27,793

At April 30, 2020, the City reported a payable of \$13,881 for the outstanding amount of contributions to the pension plan required for the year ended April 30, 2020.

**NOTE 6. UPCOMING PRONOUNCEMENTS**

**6. A. UPCOMING PRONOUNCEMENTS**

Statement 83, *Certain Asset Retirement Obligations*. Implementation is required for period beginning after June 15, 2018 (extended by one year due to COVID).

Statement 84, *Fiduciary Activities*. Effective for reporting periods beginning after December 15, 2018 (extended by one year due to COVID).

**CITY OF CARL JUNCTION, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2020**

Statement 87, *Leases*. Effective for periods beginning after December 15, 2019 (extended by eighteen months due to COVID).

Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Implementation is required for periods beginning after June 15, 2018 (extended by one year due to COVID).

Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Effective for reporting periods beginning after December 15, 2019 (extended by one year due to COVID).

Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. Effective for periods beginning after December 15, 2018 (extended by one year due to COVID).

Statement 91, *Conduit Debt Obligations*. Effective for periods beginning after December 15, 2020 (extended by one year due to COVID).

## **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
- 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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,506,979	\$ 1,506,979	\$ 1,506,979	\$ -
<b>Resources (Inflows):</b>				
Taxes:				
Sales taxes:				
General	330,000	330,000	357,865	27,865
Property taxes	440,000	440,000	468,992	28,992
Franchise (fees):				
Franchise	501,300	501,300	453,063	(48,237)
Total Taxes	<u>1,271,300</u>	<u>1,271,300</u>	<u>1,279,920</u>	<u>8,620</u>
Intergovernmental:				
Rent	<u>54,730</u>	<u>54,730</u>	<u>52,735</u>	<u>(1,995)</u>
Charges for Services:				
Trash	<u>67,000</u>	<u>67,000</u>	<u>75,644</u>	<u>8,644</u>
Fines and Forfeitures:				
Dog pound	1,500	1,500	990	(510)
Fines	70,100	70,100	151,147	81,047
Total Fines and Forfeitures	<u>71,600</u>	<u>71,600</u>	<u>152,137</u>	<u>80,537</u>
Licenses and Permits	<u>89,500</u>	<u>89,500</u>	<u>133,013</u>	<u>43,513</u>
Investment Income	<u>300</u>	<u>300</u>	<u>758</u>	<u>458</u>
Miscellaneous:				
Grants	70,000	70,000	64,487	(5,513)
Donations	-	-	20,807	20,807
Other	15,650	15,650	58,025	42,375
Total Miscellaneous	<u>85,650</u>	<u>85,650</u>	<u>143,319</u>	<u>57,669</u>
Other Financing Sources:				
Operating transfers from other funds	<u>1,468,152</u>	<u>1,468,152</u>	<u>2,551,420</u>	<u>1,083,268</u>
Total Other Financing Sources	<u>1,468,152</u>	<u>1,468,152</u>	<u>2,551,420</u>	<u>1,083,268</u>
<b>Amounts available for appropriation</b>	<u>4,615,211</u>	<u>4,615,211</u>	<u>5,895,925</u>	<u>1,280,714</u>

(Continued)

**CITY OF CARL JUNCTION, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Charges to Appropriations (Outflows):</b>				
<b>General and Administrative</b>				
All salaries	103,680	103,680	122,501	(18,821)
Accounting	3,750	3,750	4,714	(964)
Advertising	1,060	1,060	440	620
Attorney fees	4,875	4,875	4,875	-
Cleaning	25,000	25,000	24,731	269
Contract personnel	2,000	2,000	9,052	(7,052)
Dues and subscriptions	2,000	2,000	1,518	482
Election expense	4,000	4,000	4,067	(67)
General supplies	14,100	14,100	12,140	1,960
Health Insurance	6,308	6,308	163	6,145
Insurance	7,885	7,885	11,190	(3,305)
Interest	102,296	106,465	106,961	(496)
Loan payments	275,000	275,000	277,569	(2,569)
Miscellaneous	7,860	67,860	82,340	(14,480)
Tornado Expenses	-	250,000	249,919	81
Payroll taxes	7,145	7,145	7,801	(656)
Printing, postage, office supplies	42,000	42,000	54,882	(12,882)
Repairs and maintenance	20,000	20,000	21,483	(1,483)
Retirement	9,477	9,477	10,690	(1,213)
Training	5,000	5,000	5,798	(798)
Utilities	56,230	56,230	42,205	14,025
Vehicle	2,850	2,850	265	2,585
Capital outlay	5,000	5,000	10,095	(5,095)
<b>Total General and Administrative</b>	<b>707,516</b>	<b>1,021,685</b>	<b>1,065,399</b>	<b>(43,714)</b>
<b>Police Department:</b>				
Animal Control	6,500	6,500	6,526	(26)
Equipment purchases	4,000	4,000	1,576	2,424
Cleaning	5,500	5,500	5,171	329
General supplies	4,500	4,500	11,241	(6,741)
Insurance	60,850	60,850	48,449	12,401
Interest	-	-	540	(540)
Miscellaneous	1,200	1,200	2,117	(917)
Loan payments	6,247	6,247	8,816	(2,569)
Office supplies	20,000	20,000	31,353	(11,353)
Payroll taxes	48,135	48,135	45,574	2,561
Repairs and maintenance	23,000	23,000	32,767	(9,767)
Retirement	62,000	62,000	61,024	976
Salary	629,200	629,200	642,775	(13,575)
Training	15,000	15,000	9,929	5,071
Utilities	34,000	34,000	25,610	8,390
Vehicle	22,000	22,000	22,257	(257)
Capital Outlay	57,500	57,500	10,916	46,584
<b>Total Police Department</b>	<b>999,632</b>	<b>999,632</b>	<b>966,641</b>	<b>32,991</b>

(Continued)

**CITY OF CARL JUNCTION, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Health Insurance Premiums:				
Health insurance expense	429,495	429,495	350,709	78,786
<b>Total Health Insurance Premiums</b>	<b>429,495</b>	<b>429,495</b>	<b>350,709</b>	<b>78,786</b>
Community Service:				
Miscellaneous	22,000	22,000	44,000	(22,000)
<b>Total Community Service</b>	<b>22,000</b>	<b>22,000</b>	<b>44,000</b>	<b>(22,000)</b>
Municipal Court:				
Court expenses	-	-	93,609	(93,609)
<b>Total Municipal Court</b>	<b>-</b>	<b>-</b>	<b>93,609</b>	<b>(93,609)</b>
Other Financing Uses:				
Operating transfers to other funds	1,494,152	1,679,902	1,937,423	(257,521)
<b>Total Other Financing Uses</b>	<b>1,494,152</b>	<b>1,679,902</b>	<b>1,937,423</b>	<b>(257,521)</b>
<b>Total Charges to Appropriations</b>	<b>3,652,795</b>	<b>4,152,714</b>	<b>4,457,781</b>	<b>(305,067)</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ 962,416</b>	<b>\$ 462,497</b>	<b>\$ 1,438,144</b>	<b>\$ 975,647</b>



**CITY OF CARL JUNCTION, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
STREET FUND  
FOR THE YEAR ENDED APRIL 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 284,440	\$ 284,440	\$ 284,440	\$ -
<b>Resources (Inflows):</b>				
Taxes:				
Sales taxes:				
Transportation	130,000	130,000	136,937	6,937
Motor vehicle	100,000	100,000	103,123	3,123
Motor fuel	200,000	200,000	203,030	3,030
Total Taxes	<u>430,000</u>	<u>430,000</u>	<u>443,090</u>	<u>13,090</u>
Investment Income	<u>100</u>	<u>100</u>	<u>173</u>	<u>73</u>
Miscellaneous:				
Other	700	700	1,142	442
Total Miscellaneous	<u>700</u>	<u>700</u>	<u>1,142</u>	<u>442</u>
Other Financing Sources:				
Operating transfers to/from other funds	-	-	105,861	105,861
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>105,861</u>	<u>105,861</u>
<b>Amounts available for appropriation</b>	<u>715,240</u>	<u>715,240</u>	<u>834,706</u>	<u>119,466</u>
<b>Charges to Appropriations (Outflows):</b>				
Expenses				
Accounting	2,000	2,000	5,475	(3,475)
Advertising	100	100	161	(61)
Equipment purchases	-	-	113	(113)
Contract labor	8,925	8,925	8,326	599
Dues	875	875	805	70
Interest	-	-	360	(360)
Vehicle	12,100	12,100	9,986	2,114
Health insurance	-	-	167	(167)
Insurance	6,660	6,660	6,240	420
Miscellaneous	2,460	2,460	1,932	528
Loan payments	-	-	1,712	(1,712)
Payroll expenses	5,345	5,345	6,071	(726)
Repairs and maintenance	13,000	20,000	18,976	1,024
Retirement	7,085	7,085	8,313	(1,228)
Road materials	24,000	24,000	10,728	13,272
Salaries	70,429	70,429	82,414	(11,985)
Supplies	5,300	5,300	5,648	(348)
Training	500	500	1,487	(987)
Utilities	66,350	66,350	55,691	10,659
Capital Outlay	146,000	146,000	102,376	43,624
Total Expenses	<u>371,129</u>	<u>378,129</u>	<u>326,981</u>	<u>51,148</u>
Other Financing Uses:				
Operating transfers to other funds	-	-	160,163	(160,163)
Loss on sale of asset	-	-	3,816	(3,816)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>163,979</u>	<u>(163,979)</u>
<b>Total Charges to Appropriations</b>	<u>371,129</u>	<u>378,129</u>	<u>490,960</u>	<u>(112,831)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 344,111</u>	<u>\$ 337,111</u>	<u>\$ 343,746</u>	<u>\$ 6,635</u>

**CITY OF CARL JUNCTION, MISSOURI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED APRIL 30, 2020**

**Budgetary Accounting**

The City prepares its budgets for the General and Street 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

	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>					
Service Cost	\$ 147,761	\$ 142,227	\$ 134,111	\$ 113,932	\$ 105,849
Interest on Total Pension Liability	277,819	256,657	236,932	190,218	171,668
Changes of Benefit Terms	-	-	-	296,229	-
Difference Between Expected and Actual Experience	(9,622)	(26,953)	(28,526)	(4,913)	60,673
Changes of Assumptions	-	-	(16,572)	139,540	-
Benefit Payments, Including Refunds	(86,593)	(79,063)	(69,233)	(98,989)	(74,072)
<b>Net Change in Total Pension Liability</b>	<u>329,365</u>	<u>292,868</u>	<u>256,712</u>	<u>636,017</u>	<u>264,118</u>
<b>Total Pension Liability - Beginning</b>	3,801,941	3,509,073	3,252,361	2,616,344	2,352,226
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 4,131,306</u>	<u>\$ 3,801,941</u>	<u>\$ 3,509,073</u>	<u>\$ 3,252,361</u>	<u>\$ 2,626,344</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 140,813	\$ 138,203	\$ 125,755	\$ 96,338	\$ 104,892
Contributions - Employee	49,735	48,249	46,577	43,066	44,363
Net Investment Income	256,089	381,753	328,598	(4,468)	49,120
Benefit Payments, Including Refunds	(86,593)	(79,063)	(69,233)	(98,989)	(74,072)
Pension Plan Administrative Expense	(6,280)	(4,184)	(3,878)	(3,871)	(4,008)
Other (Net Transfer)	27,032	11,450	7,409	15,511	39,568
<b>Net Change in Plan Fiduciary Net Position</b>	<u>380,796</u>	<u>496,408</u>	<u>435,228</u>	<u>47,587</u>	<u>159,863</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>3,604,508</u>	<u>3,108,100</u>	<u>2,672,872</u>	<u>2,625,285</u>	<u>2,465,422</u>
Rounding	2	-	-	-	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	3,985,306	3,604,508	3,108,100	2,672,872	2,625,285
<b>Net Pension Liability/(Asset), Ending=(a)-(b)</b>	<u>\$ 146,000</u>	<u>\$ 197,433</u>	<u>\$ 400,973</u>	<u>\$ 579,489</u>	<u>\$ (8,941)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	96.47%	94.81%	88.57%	82.18%	100.34%
<b>Covered-Employee Payroll</b>	\$ 1,222,302	\$ 1,222,302	\$ 1,155,730	\$ 1,079,412	\$ 1,063,111
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	11.94%	16.15%	34.69%	53.69%	-0.8410%

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

<b>Fiscal Year Ending April 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution in Relation</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a % of Covered Payroll</b>
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%
2018	137,855	136,371	1,483.83	1,188,585	11.47%
2019	140,418	140,418	0.06	1,231,877	11.40%
2020	137,017	137,017	(0.48)	1,256,879	10.90%

**Notes to Schedule:**

Valuation Date: February 28, 2019

The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 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 15 to 24 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	None

## **OTHER SUPPLEMENTARY INFORMATION**

- Other Governmental Funds – Combining Balance Sheet
- Other Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balance

CITY OF CARL JUNCTION, MISSOURI  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 APRIL 30, 2020

	Park Fund	Capital Improvements Fund	Debt Service Fund	Total Other Governmental Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 115,600	\$ 186,591	\$ 527,872	\$ 830,063
Accounts receivable, net	-	-	69,253	69,253
Total current assets	<u>115,600</u>	<u>186,591</u>	<u>597,125</u>	<u>899,316</u>
Total Assets	<u>\$ 115,600</u>	<u>\$ 186,591</u>	<u>\$ 597,125</u>	<u>\$ 899,316</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 644	\$ 4,823	\$ 130	\$ 5,597
Total Liabilities	<u>644</u>	<u>4,823</u>	<u>130</u>	<u>5,597</u>
Deferred Inflows of Resources:				
Non-current taxes receivable	-	-	56,128	56,128
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>56,128</u>	<u>56,128</u>
Fund Balances:				
Committed	<u>114,956</u>	<u>181,768</u>	<u>540,867</u>	<u>837,591</u>
Total Fund Balances	<u>114,956</u>	<u>181,768</u>	<u>540,867</u>	<u>837,591</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 115,600</u>	<u>\$ 186,591</u>	<u>\$ 597,125</u>	<u>\$ 899,316</u>

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**CITY OF CARL JUNCTION, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2020**

	<u>Park Fund</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
<b>Revenues:</b>				
Sales taxes:				
Taxes	\$ 136,926	\$ 136,940	\$ 404,257	\$ 678,123
Interest income	51	80	274	405
Miscellaneous	7,101	-	-	7,101
Total Revenues	<u>144,078</u>	<u>137,020</u>	<u>404,531</u>	<u>685,629</u>
<b>Expenditures:</b>				
Current:				
Park department	276,508	-	-	276,508
Capital improvements	-	16,815	-	16,815
Debt service	-	-	2,986	2,986
Total Expenditures	<u>276,508</u>	<u>16,815</u>	<u>2,986</u>	<u>296,309</u>
Excess (deficiency) of revenues over expenditures	(132,430)	120,205	401,545	389,320
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	235,349	-	-	235,349
Operating transfers out	(131,121)	(59,648)	(381,421)	(572,190)
Total Other Financing Sources (Uses)	<u>104,228</u>	<u>(59,648)</u>	<u>(381,421)</u>	<u>(336,841)</u>
Net change in fund balances	(28,202)	60,557	20,124	52,479
Fund balances--beginning	143,158	121,211	520,743	785,112
Fund balances--ending	<u>\$ 114,956</u>	<u>\$ 181,768</u>	<u>\$ 540,867</u>	<u>\$ 837,591</u>

# TAYLOR GREEN PC

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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

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, 2020, 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 20, 2020.

### **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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not 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.

A handwritten signature in black ink that reads "Taylor Green PC". The signature is written in a cursive style with a distinct "T" and "G".

Taylor Green PC

Neosho, Missouri  
September 20, 2020