

CITY OF CARL JUNCTION

CARL JUNCTION, MISSOURI

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

YEAR ENDED APRIL 30, 2021

CITY OF CARL JUNCTION, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Alderpersons
City of Carl Junction
303 N. Main Street
Carl Junction, Missouri 64843

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, 2021, 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, 2021, 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, 44-49, and pages 50-51 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 combining nonmajor fund financial statements are 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 30, 2021, 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 30, 2021

**City of Carl Junction
Management's Discussion and Analysis
April 30, 2021**

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, 2021. 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 \$38,276,329. The City has a total net position of \$38,276,329 primarily due to \$3,728,894 in net unrestricted balance.
- As of the close of the current fiscal year, the City of Carl Junction government wide activities reported a \$1,756,634 net income.
- The City of Carl Junction total governmental funds for the end of the fiscal year was reported as \$2,807,518 a 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 \$188,037 with a depreciation expense of \$792,786 for a total change in net position of governmental activities of \$1,493,414.
- The City of Carl Junction assets exceeded its liabilities for proprietary funds with total assets reported at \$18,684,558 and total liabilities reported at \$1,835,934.
- The statement of revenues, expenses and changes in fund net position for the proprietary funds showed total operating revenues of \$2,661,803 and total operating expenses of \$2,706,062 for an operating loss of \$44,259. As of the close of the fiscal year, there was a total net ending position of \$16,848,624 for an increase in net position over last fiscal year of \$263,220.
- The total proprietary fund balance for the end of the fiscal year was \$16,848,624. This provided a net cash by operating activities of \$975,959.

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 consist of drinking water pumping from deep wells and distribution, and waste water collection and treatment. These operations derive revenues from charges for services that are intended to recoup the full cost of operations.

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

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

Fund Financial Statements

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

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable*

resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Carl Junction, Missouri maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Street Fund which are considered major funds. The Park Fund, Capital Improvements Fund, and Debt Service Fund are presented as Other Governmental Funds in the governmental fund balance sheet and in the governmental fund statements of revenue, expenditures, and changes in fund balances. Combining statements are provided as other supplementary information which shows the breakout of these non-major funds.

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

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

Proprietary Funds

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 through 43 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 the General Fund and the Street Fund and required pension supplementary information.

The required supplementary information can be found on pages 44 through 51 of this report.

Supplemental Information

The combining balance sheet – other governmental funds and combining statement of revenues, expenditures, and changes in fund balance provide fund level detail for all non-major governmental funds which are combined when reported in the balance sheet – governmental funds and statement of revenues, expenditures, and changes in fund balance – governmental funds.

The supplemental information can be found on pages 52 through 54 of this report.

Financial Analysis of the City as a Whole

This is the fifth 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 \$38,276,329. 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, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash & cash equivalents	1,915,616	1,340,805	3,256,421
Internal balances	17,339	(17,339)	-
Prepaid Insurance	11,718	10,026	21,744
Taxes receivable	147,709	-	147,709
Construction in progress	60,477	-	60,477
Accounts receivable, net	4,850	216,647	221,497
Investments	162,299	-	162,299
Investments – restricted	-	30,837	30,837
Cash – restricted	961,846	568,760	1,530,606
Total current assets	3,281,854	2,149,736	5,431,590
Non-current assets:			
Capital assets:			
Land	529,262	242,000	771,262
Other capital assets, net of accumulated depreciation	20,882,309	16,275,483	37,157,792
Total non-current assets	21,411,571	16,517,483	37,929,054
Total Assets	24,693,425	18,667,219	43,360,644
Deferred outflows of resources:			
Relating to pension	383,434	-	383,434
Rounding	2	-	2
Total Assets and Deferred Outflows	25,076,861	18,667,219	43,744,080

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	23,514	43,563	67,077
Pension payable	-	-	-
Accrued liabilities	250,695	126,801	377,496
Current maturities of long-term debt	359,500	96,000	455,500
Total current liabilities	633,709	266,364	900,073
Non-current liabilities			
Meter deposits payable	-	198,431	198,431
Lease purchase agreement payable	2,471,108	1,353,800	3,824,908
Net pension liability	435,470	-	435,470
Total non-current liabilities	2,906,578	1,552,231	4,458,809
Total Liabilities	3,540,287	1,818,595	5,358,882
Deferred inflows of resources:			
Relating to Pensions	108,869	-	108,869
Total Liabilities and Deferred Inflows	3,659,156	1,818,595	5,467,751
NET POSITION			
Net investment in capital assets	18,580,963	15,064,682	33,648,645
Restricted for:			
Bond Requirements	-	325,339	325,339
Street Improvements	350,615	-	350,615
Shop with a Cop	5,863	-	5,863
Court Bonds	4,604	-	4,604
Deposits	8,100	204,268	212,368
Unrestricted	2,477,559	1,251,335	3,728,894
Round	1	-	1
Total Net Position	21,427,705	16,848,624	38,276,329

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 \$38,276,329.

Government Activities

Governmental activities increased the City of Carl Junction, Missouri's net position by \$1,493,414. 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, 2021

		Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/Programs	Expenses				
Primary Government:					
Governmental Activities:					
General & Administrative	(1,055,895)	-	17,714	-	(1,038,181)
Municipal Court	(75,553)	-	-	-	(75,553)
Police Department	(1,123,280)	166,039	107,301	-	(849,940)
Trash	-	78,123	-	-	78,123
Community service	(53,250)	-	-	-	(53,250)
Park department	(296,317)	-	-	50,000	(246,317)
Street	(639,441)	-	-	1,257,750	618,309
Capital improvements	(7,063)	-	-	-	(7,063)
Debt services	(3,364)	-	-	-	(3,364)
Total governmental activities	(3,254,163)	244,162	125,015	1,307,750	(1,577,236)
Business-type activities					
Sewer	(1,383,966)	1,314,662	84,150	313,740	328,586
Water	(1,360,638)	1,272,906	-	180,860	93,128
Total business-type activities	(2,744,604)	2,587,568	84,150	494,600	421,714
Total primary government	(5,998,767)	2,831,730	209,165	1,802,350	(1,155,522)

	Primary Government		
	Governmental	Business-type	
Change in net position	Activities	Activities	Total
Net (expense) Revenue	(1,577,236)	421,714	(1,155,522)
General Revenues:			
Taxes:			
Sales taxes:			
General	410,635	-	410,635
City	465,566	-	465,566
Motor vehicle	106,752	-	106,752
Motor fuel taxes	185,009	-	185,009
Property taxes	928,775	-	928,775
Franchise taxes (fees)	464,219	-	464,219
Dog pound	1,062	-	1,062
Licenses and permits	144,241	-	144,241
Intergovernmental rent	56,830	-	56,830
Interest income	1,452	617	2,069
Miscellaneous	72,763	74,235	146,998
Net transfers	233,346	(233,346)	-
Total general revenues	3,070,650	(158,494)	2,912,156
Net position - beginning	19,934,290	16,585,403	36,519,693
Changes in net position	1,493,414	263,220	1,756,634
Round	1	1	2
Net position - ending	21,427,705	16,848,624	38,276,329

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 2021 the unassigned fund balance of the general fund was \$34,837, while the total fund balance was \$1,609,358. 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% of total general fund expenditures, while total fund balance represents 57.3% of total general fund expenditures.

The fund balance in the City's general fund increased by \$171,214 or 11.9% 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 \$6,316,504, an increase in net position of \$316,229 from the prior year.

Net position of the Wastewater System Fund at end of fiscal year amounted to \$10,532,120, a decrease in net position of \$53,009 from the prior year.

Total net position of the Proprietary Funds at end of fiscal year amounted to \$16,848,624, an increase in net position of \$263,220 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 is the revenue source for the Police Department. Changes to the Police Department expenses reflected the paying off of the energy loan for the solar panels, equipment purchases to upgrade and repair radios, body cameras, car cameras and phone system. These purchases were funded through an equipment loan.

Street fund increase in expense was attributed paying to off the energy loan for the solar panels, engineering required for street projects, replacement of salt after an extreme cold snap during the winter and replacement of street signs.

Waterworks and Wastewater funds both had increased expenses to reflect paying off the energy loan for the solar panels and paying off a 2003 State Revolving Fund. Continued replacement of water meter MXU's to replace obsolete models due to a planned replacement by the manufacturer also increased.

Debt Service fund showed increases to the refunds to customers and bond interest. Those items are variable from year to year.

General fund transfer to Park fund was to allocate funds for erosion repair along Center Creek.

Park fund expenses increased for erosion control measures along Center Creek and a stormwater detention project along Briarbrook Drive.

Sewer fund reflected a large expense for repairs, cleaning and televising of the sewer system as required by the Missouri Department of Natural Resources.

	Budgeted Amount	Actual Amount
General Fund		
Police - Electric	\$21,100	\$55,000
Police - Equipment Purchase	\$1,500	\$70,000
Police - SMB-Equipment Loan	\$0	\$21,000
Trf to Park Fund	\$0	\$72,770
Street Fund		
Electric	\$4,800	\$28,000
Engineering	\$3,000	\$14,000
Cinders/Salt	\$5,000	\$12,000
Street Signs	\$9,000	\$12,000
Waterworks System Fund		
Electric	\$8,900	\$66,000
Gen Maint-Meters	\$30,000	\$108,000
Gen Maint-Waterline Materials	\$17,000	\$33,000
Equipment agmt-maintenance	\$2,800	\$6,000
2003 SRF prin pymt	\$105,000	\$232,000
2003B SRF Agent Fees	\$200	\$3,400
Wastewater System Fund		
Electric	\$85,000	\$205,000
Gen Maint-Meters	\$30,000	\$108,000
Engineering	\$25,000	\$50,000
2003B SRF prin pymt	\$0	\$173,900
Sales Tax Paid	\$0	\$2,500
I&I Repairs	\$165,500	\$330,000
Debt Service Fund		
Refunds to Customers	\$0	\$3,400
DS2012 Bond Interest	\$93,511	\$98,000
Park Fund		
Engineering	\$0	\$36,000
Contractor pymt	\$0	\$140,000
Special Projects	\$0	\$33,000

Capital Assets

The City has invested \$37,929,054 in a broad range of capital assets, including land, facilities, buildings, machinery and equipment, automobiles and trucks. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$807,413. Capital asset activity resulting from accrual based transactions for the fiscal year ended April 30, 2021 was as follows:

	Balance at May 1, 2020	Additions	Deductions	Balance at April 30, 2021
Governmental activities:				
Land (non-depreciable)	445,000	84,262	-	529,262
Buildings	17,312,495	-	-	17,312,495
Machinery & Equipment	1,267,046	83,886	3,400	1,347,532
Vehicles	269,636	29,941	44,078	255,499
Improvements	690,408	197,454	-	887,862
Infrastructure	15,668,250	1,257,750	-	16,926,000
Total at historical cost	35,652,835	1,653,293	47,478	37,258,650
Less accumulated depreciation:				
Buildings	7,897,626	346,376	-	8,244,002
Machinery & Equipment	632,785	92,069	1,062	723,792
Vehicles	119,919	35,725	36,458	119,186
Improvements	82,825	38,907	-	121,732
Infrastructure	6,358,658	279,709	-	6,638,367
Total accumulated depreciation	15,091,813	792,786	37,520	15,847,079
Governmental activities capital assets, net	20,561,022	860,507	9,958	21,411,571
Business-type activities:				
Land (non-depreciable)	242,000	-	-	242,000
Buildings	23,021,697	-	-	23,021,697
Machinery and Equipment	2,661,942	161,737	1,500	2,822,179
Vehicles	239,047	-	4,266	234,781
Infrastructure	15,183,304	774,545	-	15,957,849
Totals at historical cost	41,347,990	936,282	5,766	42,278,506
Less accumulated depreciation:				
Buildings	14,367,253	430,834	-	14,798,087
Machinery & Equipment	1,593,664	143,697	777	1,736,584
Vehicles	125,875	19,915	1,888	143,902
Infrastructure	8,700,577	381,871	-	9,082,448
Total accumulated depreciation	24,787,369	976,319	2,665	25,761,023
Business-type activities capital assets, net	16,560,621	(40,037)	3,101	16,517,483
Round	(2)	-	-	-
Total Assets (net)	37,121,641			37,929,054

Long-Term Debt

At the end of April 2021, the City had outstanding long-term debt obligations for governmental and business-type activities in the amount of \$4,280,408 compared to \$5,250,726 in 2020. The 18.5% 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, 2020	Additions	Reductions	Balance April 30, 2021
General Obligation Bonds	\$ 3,025,000	-	295,000	2,730,000
Revenue Bonds	1,971,717	-	521,917	1,449,800
Notes Payable	254,009	120,000	273,401	100,608
Total Long-Term Debt	\$ 5,250,726	\$ 120,000	\$ 1,090,318	\$ 4,280,408

Economic Factors and Next Year's Budget

General Fund Revenue for fiscal year 2021-2022 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. Funding for the Police Department, which flows through the General Fund, now has some help with revenue as the citizens passed a ballot initiative for a Public Safety Sales Tax. This sales tax is anticipated to bring in \$150,000 to \$200,000 annually to the Police Department.

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 Waterworks 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 2020-2021. 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 and infiltration problems continue to be funded by a dedicated I&I fee 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 annually for the last several years at a modest 1.5% to 4%. Assessment from Jasper County came in at 11.7% this fall putting Carl Junction over the \$100,000,000 in property assessed. The increase in assessed value is offset by the Missouri State Auditors Office with a reduction in the property tax levy.

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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,915,616	\$ 1,340,805	\$ 3,256,421
Internal balances	17,339	(17,339)	-
Prepaid insurance	11,718	10,026	21,744
Taxes receivable	147,709	-	147,709
Construction in progress	60,477	-	60,477
Accounts receivable, net	4,850	216,647	221,497
Investments	162,299	-	162,299
Investments - restricted	-	30,837	30,837
Cash - restricted	961,846	568,760	1,530,606
Total current assets	<u>3,281,854</u>	<u>2,149,736</u>	<u>5,431,590</u>
Non-current assets:			
Capital assets:			
Land	529,262	242,000	771,262
Other capital assets, net of accumulated depreciation	20,882,309	16,275,483	37,157,792
Total non-current assets	<u>21,411,571</u>	<u>16,517,483</u>	<u>37,929,054</u>
Total Assets	<u>24,693,425</u>	<u>18,667,219</u>	<u>43,360,644</u>
DEFERRED OUTFLOWS OF RESOURCES			
Relating to pensions	383,434	-	383,434
Total Deferred Outflows of Resources	<u>383,434</u>	<u>-</u>	<u>383,434</u>
Round	2	-	2
Total Assets and Deferred Outflows	<u>\$ 25,076,861</u>	<u>\$ 18,667,219</u>	<u>\$ 43,744,080</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF NET POSITION
APRIL 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 23,514	\$ 43,563	\$ 67,077
Accrued liabilities	250,695	126,801	377,496
Current maturities of long-term debt	359,500	96,000	455,500
Total current liabilities	<u>633,709</u>	<u>266,364</u>	<u>900,073</u>
Non-current liabilities:			
Meter deposits payable	-	198,431	198,431
Lease purchase agreement payable	2,471,108	1,353,800	3,824,908
Net pension liability	435,470	-	435,470
Total non-current liabilities	<u>2,906,578</u>	<u>1,552,231</u>	<u>4,458,809</u>
Total Liabilities	<u>3,540,287</u>	<u>1,818,595</u>	<u>5,358,882</u>
DEFERRED INFLOWS OF RESOURCES			
Relating to pensions	108,869	-	108,869
Total Deferred Inflows of Resources	<u>108,869</u>	<u>-</u>	<u>108,869</u>
Total Liabilities and Deferred Inflows	<u>\$ 3,649,156</u>	<u>\$ 1,818,595</u>	<u>\$ 5,467,751</u>
NET POSITION			
Net investment in capital assets	\$ 18,580,963	\$ 15,067,682	\$ 33,648,645
Restricted for:			
Bond requirements		325,339	325,339
Street improvements	350,615	-	350,615
Shop with a Cop	5,863	-	5,863
Court Bonds	4,604	-	4,604
Deposits	8,100	204,268	212,368
Unrestricted	2,477,559	1,251,335	3,728,894
Round	1	-	1
Total Net Position	<u>\$ 21,427,705</u>	<u>\$ 16,848,624</u>	<u>\$ 38,276,329</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General and administrative	\$ (1,055,895)	\$ -	\$ 17,714	\$ -	\$ (1,038,181)
Municipal court	(75,553)	-	-	-	(75,553)
Police	(1,123,280)	166,039	107,301	-	(849,940)
Trash	-	78,123	-	-	78,123
Community service	(53,250)	-	-	-	(53,250)
Park	(296,317)	-	-	50,000	(246,317)
Street	(639,441)	-	-	1,257,750	618,309
Capital improvements	(7,063)	-	-	-	(7,063)
Debt services	(3,364)	-	-	-	(3,364)
Total governmental activities	<u>(3,254,163)</u>	<u>244,162</u>	<u>125,015</u>	<u>1,307,750</u>	<u>(1,577,236)</u>
Business-type activities:					
Sewer	(1,383,966)	1,314,662	84,150	313,740	328,586
Water	(1,360,638)	1,272,906	-	180,860	93,128
Total business-type activities	<u>(2,744,604)</u>	<u>2,587,568</u>	<u>84,150</u>	<u>494,600</u>	<u>421,714</u>
Total primary government	<u><u>\$ (5,998,767)</u></u>	<u><u>\$ 2,831,730</u></u>	<u><u>\$ 209,165</u></u>	<u><u>\$ 1,802,350</u></u>	<u><u>\$ (1,155,522)</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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in net position:			
Net (expense) revenue	\$ (1,577,236)	\$ 421,714	\$ (1,155,522)
General revenues:			
Taxes:			
Sales taxes:			
General	410,635	-	410,635
City	465,566	-	465,566
Motor vehicle	106,752	-	106,752
Motor fuel taxes	185,009	-	185,009
Property taxes	928,775	-	928,775
Franchise taxes (fees)	464,219	-	464,219
Dog pound	1,062	-	1,062
Licenses and permits	144,241	-	144,241
Intergovernmental rent	56,830	-	56,830
Interest income	1,452	617	2,069
Miscellaneous	72,763	74,235	146,998
Net transfers	233,346	(233,346)	-
Total general revenues	3,070,650	(158,494)	2,912,156
Net position—beginning	19,934,290	16,585,403	36,519,693
Change in net position	1,493,414	263,220	1,756,634
Round	1	1	2
Net position—ending	\$ 21,427,705	\$ 16,848,624	\$ 38,276,329

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI

BALANCE SHEET
GOVERNMENTAL FUNDS

APRIL 30, 2021

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 713,680	\$ 351,571	\$ 850,365	\$ 1,915,616
Internal balances	17,339	-	-	17,339
Prepaid insurance	10,628	1,090	-	11,718
Taxes receivable	79,763	-	67,946	147,709
Accounts receivable, net	4,850	-	-	4,850
Investments	162,299	-	-	162,299
Cash - restricted	961,846	-	-	961,846
Total Assets	\$ 1,950,405	\$ 352,661	\$ 918,311	\$ 3,221,377
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 14,952	\$ 945	\$ 7,617	\$ 23,514
Accrued liabilities	250,684	11	-	250,695
Total Liabilities	265,636	956	7,617	274,209
Deferred Inflows of Resources:				
Unavailable revenue - real estate taxes	75,411	-	64,239	139,650
Total Deferred Inflows of Resources	75,411	-	64,239	139,650
Fund Balances:				
Unassigned	34,837	-	-	34,837
Assigned	602,412	-	-	602,412
Committed	942,914	-	846,455	1,789,369
Restricted	18,567	350,615	-	369,182
Nonspendable	10,628	1,090	-	11,718
Total Fund Balances	1,609,358	351,705	846,455	2,807,518
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,950,405	\$ 352,661	\$ 918,311	\$ 3,221,377
Reconciliation to Statement of Net Position:				
Total fund balance - total governmental funds				\$ 2,807,518
Amounts reported for governmental activities in the statement of net position is different because:				
Capital assets used in governmental activities of \$37,258,650 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$15,847,079.				21,411,571
Construction in progress in governmental activities are not financial resources, and therefore, are not reported in the funds.				60,477
Receivables not collected within sixty days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.				139,650
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				(2,830,608)
Items not available to pay for current period expenditures and, therefore, are not reported in the funds:				
Net pension liability				(435,470)
Deferred outflow of resources relating to pension				383,434
Deferred inflow of resources relating to pension				(108,869)
Round				2
Net position of governmental activities				\$ 21,427,705

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, 2021

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 1,365,308	\$ 446,950	\$ 730,161	\$ 2,542,419
Fines	166,039	-	-	166,039
Trash	78,123	-	-	78,123
Grant	125,015	-	-	125,015
Dog pound	1,062	-	-	1,062
Licenses and permits	144,241	-	-	144,241
Intergovernmental rent	56,830	-	-	56,830
Non-cash contributions	-	1,257,750	-	1,257,750
Interest income	1,040	130	282	1,452
Miscellaneous	62,344	327	60,092	122,763
Total Revenues	<u>2,000,002</u>	<u>1,705,157</u>	<u>790,535</u>	<u>4,495,694</u>
Expenditures:				
Current:				
General and administrative	902,975	-	-	902,975
Health insurance premiums	365,793	-	-	365,793
Municipal court	75,553	-	-	75,553
Police	1,171,063	-	-	1,171,063
Community service	53,250	-	-	53,250
Park	-	-	473,872	473,872
Street	-	1,608,070	-	1,608,070
Capital improvements	-	-	7,063	7,063
Debt service	-	-	3,364	3,364
Total Expenditures	<u>2,568,634</u>	<u>1,608,070</u>	<u>484,299</u>	<u>4,661,003</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (568,632)</u>	<u>\$ 97,087</u>	<u>\$ 306,236</u>	<u>\$ (165,309)</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, 2021

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses):				
Operating transfers in	2,277,568	23,965	398,025	2,699,558
Operating transfers out	(1,657,722)	(113,093)	(695,397)	(2,466,212)
Loan proceeds	120,000	-	-	120,000
Total Other Financing Sources (Uses)	<u>739,846</u>	<u>(89,128)</u>	<u>(297,372)</u>	<u>353,346</u>
Net change in fund balances	171,214	7,959	8,864	188,037
Fund balances--beginning	1,438,144	343,746	837,591	2,619,481
Fund balances--ending	<u>\$ 1,609,358</u>	<u>\$ 351,705</u>	<u>\$ 846,455</u>	<u>\$ 2,807,518</u>

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ 188,037

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

In the statement of activities, the pension expense recognized is equal to the change in the pension liability adjusted for deferred recognition of the liability and investment experience.

Change in pension related costs 37,696

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.

533,415

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

18,541

The issuance of long-term debt provides current financial resources to governmental funds and are not reported as revenues in the statement of activities. Issuance of long-term debt is:

(120,000)

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 1,653,293

Net book value of asset disposals (24,782)

Depreciation expense (792,786)

Change in Net Position of Governmental Activities \$ 1,493,414

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2021

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 157,228	\$ 1,183,578	\$ 1,340,806
Prepaid insurance	3,670	6,356	10,026
Accounts receivable, net	103,709	112,938	216,647
Investments - restricted	25,000	5,837	30,837
Cash - restricted	264,311	304,449	568,760
Total current assets	<u>553,918</u>	<u>1,613,158</u>	<u>2,167,076</u>
Non-current assets:			
Capital assets:			
Land	92,000	150,000	242,000
Other capital assets, net of accumulated depreciation	5,952,727	10,322,755	16,275,482
Total non-current assets	<u>6,044,727</u>	<u>10,472,755</u>	<u>16,517,482</u>
Total Assets	<u>\$ 6,598,645</u>	<u>\$ 12,085,913</u>	<u>\$ 18,684,558</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

APRIL 30, 2021

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 20,316	\$ 23,247	\$ 43,563
Accrued liabilities	63,394	63,407	126,801
Internal balances	-	17,339	17,339
Current maturities of long-term debt	-	96,000	96,000
Total current liabilities	<u>83,710</u>	<u>199,993</u>	<u>283,703</u>
Non-current liabilities:			
Meter deposits payable	198,431	-	198,431
Lease purchase agreement payable	-	1,353,800	1,353,800
Total non-current liabilities	<u>198,431</u>	<u>1,353,800</u>	<u>1,552,231</u>
Total Liabilities	<u>282,141</u>	<u>1,553,793</u>	<u>1,835,934</u>
NET POSITION			
Net investment in capital assets	6,044,727	9,022,955	15,067,682
Restricted for:			
Bond requirement	20,890	304,449	325,339
Deposits	198,431	5,837	204,268
Unrestricted	52,456	1,198,879	1,251,335
Total Net Position	<u>6,316,504</u>	<u>10,532,120</u>	<u>16,848,624</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 6,598,645</u>	<u>\$ 12,085,913</u>	<u>\$ 18,684,558</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, 2021

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
Operating Revenues:			
Charges for services:			
Water	\$ 1,201,704	\$ -	\$ 1,201,704
Sewer	-	1,291,454	1,291,454
Penalties	71,202	23,208	94,410
Miscellaneous	10,044	64,191	74,235
	<u>1,282,950</u>	<u>1,378,853</u>	<u>2,661,803</u>
Total Operating Revenues			
Operating Expenses:			
Accounting	6,422	6,422	12,844
Advertising	28	28	56
Attorney	-	6,108	6,108
Contract labor and engineering	14,736	50,976	65,712
Depreciation	381,513	594,806	976,319
Dues	577	2,094	2,671
General supplies	34,184	15,554	49,738
Insurance	21,994	31,231	53,225
Meter reading expense	40,191	-	40,191
Miscellaneous and travel	50,939	16,801	67,740
Office supplies	24,288	24,464	48,752
Payroll expenses	21,120	18,649	39,769
Professional fees	9,472	22,688	32,160
Repairs and maintenance	291,827	47,086	338,913
Retirement	29,567	26,910	56,477
Salaries	305,354	272,310	577,664
Sewer Materials	-	115,726	115,726
Sludge Removal	1,358	-	1,358
Training	2,601	2,684	5,285
Utilities	108,074	91,105	199,179
Vehicle	8,416	7,759	16,175
	<u>1,352,661</u>	<u>1,353,401</u>	<u>2,706,062</u>
Total Operating Expenses			
Operating Income (Loss)	(69,711)	25,452	(44,259)

(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, 2021

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
Non-Operating Revenues (Expenses):			
Interest and investment revenue	127	490	617
Grant revenue	-	84,150	84,150
Interest expense	(6,788)	(28,753)	(35,541)
Loss on sale of assets	(1,189)	(1,812)	(3,001)
Non-cash contributions	313,740	180,860	494,600
 Total Non-Operating Revenues (Expenses)	<u>305,890</u>	<u>234,935</u>	<u>540,825</u>
 Net Income (Loss) Before Transfers	<u>236,179</u>	<u>260,387</u>	<u>496,566</u>
 Operating transfers in	419,004	150,931	569,935
Operating transfers out	<u>(338,954)</u>	<u>(464,327)</u>	<u>(803,281)</u>
 Change in net position	316,229	(53,009)	263,220
 Total net position - beginning	6,000,273	10,585,130	16,585,403
 Total net position - ending	<u>\$ 6,316,504</u>	<u>\$ 10,532,120</u>	<u>\$ 16,848,624</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Business-type Activities		Total Proprietary Funds
	Waterworks System Fund	Wastewater System Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,282,950	\$ 1,378,860	\$ 2,661,810
Cash paid to suppliers and employees	(939,516)	(746,329)	(1,685,845)
Round	1	(7)	(6)
Net Cash Provided by Operating Activities	<u>343,435</u>	<u>632,524</u>	<u>975,959</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	419,004	150,931	569,935
Transfers out	(338,954)	(464,327)	(803,281)
Cash received from grants	-	84,150	84,150
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>80,050</u>	<u>(229,246)</u>	<u>(149,196)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(55,333)	(386,349)	(441,682)
Cash received from sales of capital assets	-	100	100
Interest paid	(6,788)	(28,753)	(35,541)
Principal paid on bonds, notes, and lease obligations	(431,667)	(125,147)	(556,814)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(493,788)</u>	<u>(540,149)</u>	<u>(1,033,937)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	127	490	617
Purchase of investments	(25,000)	(5,837)	(30,837)
Net Cash Provided by (Used in) Investing Activities	<u>(24,873)</u>	<u>(5,347)</u>	<u>(30,220)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(95,176)	(142,218)	(237,394)
Balances - beginning of the year	516,715	1,630,245	2,146,960
Balances - end of the year	<u>\$ 421,539</u>	<u>\$ 1,488,027</u>	<u>\$ 1,909,566</u>
	Business-type Activities		Total Proprietary Funds
	Waterworks System Fund	Sewer Revenue Fund	
Operating income (loss)	\$ (69,711)	\$ 25,452	\$ (44,259)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and Amortization expense	381,513	594,806	976,319
Change in assets and liabilities:			
Increase (decrease) in customer deposits payable	10,820	-	10,820
Increase (decrease) in accounts payable	19,624	11,077	30,701
Increase (decrease) in accrued liabilities	1,188	1,189	2,377
Round	1	-	1
Net cash provided by operating activities	<u>\$ 343,435</u>	<u>\$ 632,524</u>	<u>\$ 975,959</u>
<u>Noncash capital financing activities:</u>			
Capital assets acquired through contributions from developers	\$ 313,740	\$ 180,860	\$ 494,600

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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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
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

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:

CITY OF CARL JUNCTION, MISSOURI
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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.

CITY OF CARL JUNCTION, MISSOURI
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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. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s ongoing operation. The principal revenues for the proprietary fund are charges for services. Operating expenses for the proprietary fund include the cost of sales and services, administration expenses, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

**CITY OF CARL JUNCTION, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 April 30, 2021**

1. B. ASSETS, LIABILITIES, AND FUND BALANCES

1. B. 1. CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, the City considers all highly liquid debt instruments, with a maturity of ninety days or less, to be cash equivalents. The City held bank demand deposits and money market accounts at the balance sheet date.

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:

	<u>Gross receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
Governmental	\$152,559	\$0	\$152,559
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.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

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, 2021 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.
- 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 2020 for the purposes of local taxation was:

Real Estate	\$92,494,811
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The tax levy of \$100.00 of the assessed valuation of tangible real property for the calendar year was:

General Fund	\$.4908
Debt Service Fund	\$.4194
	\$.9102

**CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021**

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.

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, 2021, the City was in compliance with certain restrictions placed over revenue sources from state, local, or debt requirements. The primary restricted revenue sources include:

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

2. B. DEBT RESTRICTIONS AND COVENANTS

Business-type Activity Debt

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

CITY OF CARL JUNCTION, MISSOURI
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1. Particular Covenants of the City:

- a. The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the System as will produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal and interest on the Bonds as and when due; (c) enable the City to have in each Fiscal Year Net Revenues Available for Debt Service of not less than 110% of the amount required to be paid by the City in the Fiscal Year on account of both principal of and interest on all System Revenue Bonds at the time outstanding; and (d) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in Ordinance 02-13. The City met this test.
- b. The annual amount required by the User Charge Ordinance to be deposited in the Water Repair and Replacement Account is \$16,200. The City met this requirement.
- 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 AND INVESTMENTS

The City has adopted formal investment policies and policies related to custodial credit risk for City moneys.

Deposits

Custodial credit risk is the possibility that a government will not be able to recover its deposits, investments, or collateral from the bank or another party it is dealing with. The government policy for custodial credit risk is to ensure the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 is not exceeded at any one bank unless the excess is collateralized with securities. As of April 30, 2021, the City's bank balance of \$4,998,883 was collateralized with federal depository insurance or by collateral held by the City's agent in the City's name.

Investments

Total investments as of April 30, 2021 are as follows:

Type	Maturity Date	Credit Rating	Fair Value	Percent of Total
Certificates of Deposit				
General Fund CD 1	02/28/2022	NR	70,000	36%
General Fund CD 2	06/17/2021	NR	92,299	48%
Water Fund CD	10/18/2021	NR	25,000	13%
Sewer Fund CD	08/05/2021	NR	5,837	3%
Total CD's			\$193,136	

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate

CITY OF CARL JUNCTION, MISSOURI
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changes. The City limits the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

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

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment deposits are fully collateralized with securities or federal depository insurance.

Fair Value Measurements

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard,

the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobserved inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The City uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets and liabilities. When available, the City measures fair value using at least Level 2 inputs. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

There are no level 2 or 3 items.

Investments are measured as follows:

	Fair Value Measurement Using			
	04/31/2021	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Negotiable Certificates of Deposit	\$ 193,136	\$ 193,136	\$ -	\$ -
Total Investments by Fair Value Level	\$193,136	\$193,136	\$ -	\$ -

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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3. A. 2. CAPITAL ASSETS

Capital asset activity resulting from accrual based transactions for the fiscal year ended April 30, 2021, was as follows:

	Balance at May 1, 2020	Additions	Deductions	Balance at April 30, 2021
<i>Governmental activities:</i>				
Land (non-depreciable)	\$ 445,000	\$ 84,262	\$ -	\$ 529,262
Buildings	17,312,495	-	-	17,312,495
Machinery and Equipment	1,267,046	83,886	3,400	1,347,532
Vehicles	269,636	29,941	44,078	255,499
Improvements	690,408	197,454	-	887,862
Infrastructure	15,668,250	1,257,750	-	16,926,000
Totals at historical cost	35,652,835	1,653,293	47,478	37,258,650
Less accumulated depreciation:				
Buildings	7,897,626	346,376	-	8,244,002
Machinery & Equipment	632,785	92,069	1,062	723,792
Vehicles	119,919	35,725	36,458	119,186
Improvements	82,825	38,907	-	121,732
Infrastructure	6,358,658	279,709	-	6,638,367
Total accum. depreciation	15,091,813	792,786	37,520	15,847,079
Governmental activities capital assets, net	\$ 20,561,022	\$ 860,507	\$ 9,958	\$ 21,411,571
<i>Business-type activities:</i>				
Land (non-depreciable)	\$ 242,000	\$ -	\$ -	\$ 242,000
Buildings	23,021,697	-	-	23,021,697
Machinery and Equipment	2,661,942	161,737	1,500	2,822,179
Vehicles	239,047	-	4,266	234,781
Infrastructure	15,183,304	774,545	-	15,957,849
Totals at historical cost	41,347,990	936,282	5,766	42,278,506
Less accumulated depreciation:				
Buildings	14,367,253	430,834	-	14,798,087
Machinery and Equipment	1,593,664	143,697	777	1,736,584
Vehicles	125,875	19,915	1,888	143,902
Infrastructure	8,700,577	381,871	-	9,082,448
Total accum. depreciation	24,787,369	976,319	2,665	25,761,023
Business-type activities capital assets, net	16,560,621	(40,037)	3,101	16,517,483
Round	(2)	-	-	-
Total Assets (net)	\$37,121,641			\$37,929,054

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

Governmental Activities	
General Fund	\$274,112
Street Fund	\$363,307
Park Fund	\$155,367
Business-Type Activities	
Water Fund	\$381,513
Wastewater Fund	\$594,806

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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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 assets 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	4,604
Shop with a Cop	5,863
Reserves	943,279
Building Deposit	8,100
Wastewater Repair & Replacement	304,449
Waterworks Repair & Replacement	89,555
Water Deposits	<u>174,756</u>
Total Restricted Cash	<u>\$1,530,606</u>
FRPV Deposit	5,837
Water Deposits	<u>25,000</u>
Total Restricted Investments	<u>\$ 30,837</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	\$198,431
Sewer Deposits Payable	5,837
Building Deposits Payable	8,100
Total	\$212,368

3. B. 2. LONG-TERM LIABILITIES

At year end, obligations consisted of the following:

On October 12, 2020, the City entered into lease purchase Agreement in the amount of \$120,000 with Southwest Missouri Bank for the purchase of a police radio system, car and body camera System, and E-ticketing equipment for police department. Repayment is made with semi-annual payments of \$20,878 at 2.45% interest. Maturity Date is October 12, 2023. 100,608

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. 2,730,000

CITY OF CARL JUNCTION, MISSOURI
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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.

1,449,800

Total	\$4,280,408
Less portion considered current	<u>(455,500)</u>
Total Long-Term Liabilities	<u>\$3,824,908</u>

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

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	455,500	112,260
2023	479,487	101,164
2024	486,621	88,571
2025	488,000	75,136
2026	521,000	61,012
2027-2031	1,478,000	105,647
2032-2036	<u>371,800</u>	<u>13,361</u>
Total	<u>\$ 4,280,408</u>	<u>\$ 557,151</u>

Total interest expense on the above liabilities was \$138,681 during the year ended April 30, 2021.

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended April 30, 2021:

Type of Debt	Balance April 30, 2020	Additions	Reductions	Balance April 30, 2021
General Obligation Bonds	\$3,025,000	\$ -	\$ 295,000	\$2,730,000
Revenue Bonds	1,971,717	-	521,917	1,449,800
Notes Payable	254,009	120,000	273,401	100,608
Total Long-Term Debt				\$4,280,408

NOTE 4. OTHER NOTES

4. A. COMMITMENTS, CONTINGENCIES, SUBSEQUENT EVENTS, AND UNCERTAINTIES

4. A. 1. COMMITMENTS

No commitments noted.

4. A. 2. CONTINGENCIES

No contingencies noted.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

4. A. 3. SUBSEQUENT EVENT

Management has evaluated subsequent events through the Independent Auditor's Report, the date which the financial statements were available to be issued.

4. A. 4. UNCERTAINTIES

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.

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>2020 Valuation</u>
Benefit multiplier:	2%
Final Average Salary:	5 years
Member Contribution Rate:	4%

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

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, 2021 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>30</u>
Total	<u>57</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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020.

Actuarial assumptions -- The total pension liability in the February 29, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the February 29, 2020, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 29, 2020.

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:

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

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/Leverage	-25%	-0.29%

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)
Balances at 6/30/19	\$4,131,306	\$3,985,306	\$146,000
Changes for the year:			
Service Cost	149,427		
Interest	299,889		
Changes of Benefit Terms	0		
Diff Between Exp/Actual	67,771		
Employer Contributions		135,925	
Employee Contributions		56,556	
Net Investment Income		50,862	
Changes of Assumptions	0		
Benefit Payments	(139,047)	(139,047)	
Administrative Expense		(6,859)	
Other Changes		(8,865)	
Net Changes	378,040	88,572	
Round		(2)	
Balances at 6/30/20	\$4,509,346	\$4,073,876	\$435,470

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

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
\$1,120,960	\$435,470	\$(123,787)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -- For the year ended April 30, 2021, the employer recognized pension expense of \$178,288.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2021

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	\$ 67,646	\$ (38,345)
Changes in assumptions	20,710	(5,572)
Excess (deficit) investment returns	110,201	-
Contributions subsequent to the measurement date*	184,877	(64,952)
Total	\$383,434	\$(108,869)

*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, 2021.

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

Year Ended:	
2021	\$ 15,977
2022	141,321
2023	54,119
2024	57,691
2025	5,236
Thereafter	223
Total	<u>\$274,567</u>

At April 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended April 30, 2021.

NOTE 6. PRONOUNCEMENTS

6. A. NEWLY ADOPTED PRONOUNCEMENTS

During the fiscal year 2021, the City adopted Accounting Standards Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, which is intended to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The City has evaluated and applied the guidance according to generally accepted accounting principles as applicable to governments and governmental entities. The adoption of this standard did not have a significant impact on the financial statements.

6. B. UPCOMING PRONOUNCEMENTS

Statement 87, *Leases*. Effective for periods beginning after December 15, 2019 (extended by eighteen months 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 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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Beginning Budgetary Fund Balance:	\$ 1,438,144	\$ 1,438,144	\$ 1,438,144	\$ -
Resources (Inflows):				
Taxes:				
Sales taxes:				
General	365,000	365,000	410,635	45,635
Property taxes	440,000	440,000	490,454	50,454
Franchise (fees):				
Franchise	505,000	505,000	464,219	(40,781)
Total Taxes	<u>1,310,000</u>	<u>1,310,000</u>	<u>1,365,308</u>	<u>55,308</u>
Intergovernmental:				
Rent	<u>58,600</u>	<u>58,600</u>	<u>56,830</u>	<u>(1,770)</u>
Charges for Services:				
Trash	<u>75,000</u>	<u>75,000</u>	<u>78,123</u>	<u>3,123</u>
Fines and Forfeitures:				
Dog pound	1,100	1,100	1,062	(38)
Fines	65,120	65,120	166,039	100,919
Total Fines and Forfeitures	<u>66,220</u>	<u>66,220</u>	<u>167,101</u>	<u>100,881</u>
Licenses and Permits	<u>127,800</u>	<u>127,800</u>	<u>144,241</u>	<u>16,441</u>
Investment Income	<u>330</u>	<u>230</u>	<u>1,040</u>	<u>810</u>
Miscellaneous:				
Grants	80,000	80,000	99,846	19,846
Donations	-	-	25,169	25,169
Other	14,950	15,050	62,344	47,294
Total Miscellaneous	<u>94,950</u>	<u>95,050</u>	<u>187,359</u>	<u>92,309</u>
Other Financing Sources:				
Operating transfers from other funds	1,431,699	1,431,699	2,277,568	845,869
Equipment loan proceeds	-	-	120,000	120,000
Total Other Financing Sources	<u>1,431,699</u>	<u>1,431,699</u>	<u>2,397,568</u>	<u>965,869</u>
Amounts available for appropriation	<u>4,602,743</u>	<u>4,602,743</u>	<u>5,835,714</u>	<u>1,232,971</u>

(Continued)

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
General and Administrative				
All salaries	98,228	98,228	107,415	(9,187)
Accounting	4,500	4,500	6,667	(2,167)
Advertising	700	700	552	148
Attorney fees	4,875	4,875	5,090	(215)
Cleaning	25,000	25,000	29,063	(4,063)
Contract personnel	500	500	23,604	(23,104)
Dues and subscriptions	2,000	2,000	811	1,189
Election expense	4,000	4,000	15,113	(11,113)
Equipment purchase	5,000	5,000	5,203	(203)
General supplies	14,100	14,100	16,908	(2,808)
Health Insurance	6,760	6,760	363	6,397
Insurance	9,016	9,016	10,778	(1,762)
Interest	93,776	98,265	99,577	(1,312)
Loan payments	295,000	295,000	402,653	(107,653)
Miscellaneous	7,860	11,260	24,132	(12,872)
Payroll taxes	7,443	7,443	6,759	684
Printing, postage, office supplies	46,600	46,600	69,014	(22,414)
Repairs and maintenance	20,000	20,000	24,308	(4,308)
Retirement	8,244	8,244	9,568	(1,324)
Training	5,500	5,500	2,669	2,831
Utilities	60,230	60,230	40,235	19,995
Vehicle	1,350	1,350	155	1,195
Capital outlay	-	-	-	-
Total General and Administrative	<u>720,682</u>	<u>728,571</u>	<u>900,637</u>	<u>(172,066)</u>
Police Department:				
Animal Control	6,500	6,500	4,276	2,224
Equipment purchases	2,500	2,500	24,550	(22,050)
Cleaning	5,500	5,500	7,808	(2,308)
General supplies	4,500	4,500	7,258	(2,758)
Insurance	65,604	65,604	55,086	10,518
Interest	-	-	2,892	(2,892)
Miscellaneous	950	950	219	731
Loan payments	9,370	30,370	87,416	(57,046)
Office supplies	20,000	20,000	29,408	(9,408)
Payroll taxes	48,773	48,773	47,470	1,303
Repairs and maintenance	23,000	23,000	19,559	3,441
Retirement	67,837	67,837	52,218	15,619
Salary	637,550	637,550	666,786	(29,236)
Training	14,500	14,500	5,638	8,862
Utilities	37,100	69,000	28,883	40,117
Vehicle	25,000	25,000	33,035	(8,035)
Grant	20,000	20,000	16,170	3,830
Capital Outlay	39,000	107,500	82,391	25,109
Total Police Department	<u>1,027,684</u>	<u>1,149,084</u>	<u>1,171,063</u>	<u>(21,979)</u>

(Continued)

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Health Insurance Premiums:				
Health insurance expense	445,791	445,791	365,793	79,998
Total Health Insurance Premiums	445,791	445,791	365,793	79,998
Community Service:				
Miscellaneous	25,000	25,000	53,250	(28,250)
Total Community Service	25,000	25,000	53,250	(28,250)
Municipal Court:				
Court expenses	-	-	75,553	(75,553)
Total Municipal Court	-	-	75,553	(75,553)
Other Financing Uses:				
Operating transfers to other funds	1,454,862	1,527,632	1,657,722	(130,090)
Loss on sale of asset	-	-	2,338	(2,338)
Total Other Financing Uses	1,454,862	1,527,632	1,660,060	(132,428)
Total Charges to Appropriations	3,674,019	3,876,078	4,226,356	(350,278)
Ending Budgetary Fund Balance	\$ 928,724	\$ 726,665	\$ 1,609,358	\$ 882,693

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
STREET FUND
FOR THE YEAR ENDED APRIL 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 343,746	\$ 343,746	\$ 343,746	\$ -
Resources (Inflows):				
Taxes:				
Sales taxes:				
Transportation	140,000	140,000	155,189	15,189
Motor vehicle	100,000	100,000	106,752	6,752
Motor fuel	210,000	210,000	185,009	(24,991)
Total Taxes	<u>450,000</u>	<u>450,000</u>	<u>446,950</u>	<u>(3,050)</u>
Investment Income	165	165	130	(35)
Miscellaneous:				
Non-cash contributions	-	-	1,257,750	1,257,750
Other	1,700	1,700	327	(1,373)
Total Miscellaneous	<u>1,700</u>	<u>1,700</u>	<u>1,258,077</u>	<u>1,256,377</u>
Other Financing Sources:				
Operating transfers to/from other funds	-	-	23,965	23,965
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>23,965</u>	<u>23,965</u>
Amounts available for appropriation	<u>795,611</u>	<u>795,611</u>	<u>2,072,868</u>	<u>1,277,257</u>
Charges to Appropriations (Outflows):				
Expenses				
Accounting	2,700	2,700	3,211	(511)
Advertising	100	100	28	72
Equipment purchases	1,000	1,000	1,611	(611)
Contract labor	8,925	19,925	18,525	1,400
Dues	875	875	334	541
Interest	-	-	937	(937)
Vehicle	12,100	12,100	7,402	4,698
Insurance	7,867	7,867	6,792	1,075
Miscellaneous	2,460	2,460	688	1,772
Loan payments	-	-	43,435	(43,435)
Payroll expenses	6,119	6,119	5,683	436
Repairs and maintenance	43,000	43,000	29,918	13,082
Retirement	8,717	8,717	7,773	944
Road materials	24,000	34,000	27,885	6,115
Salaries	80,529	80,529	87,366	(6,837)
Supplies	5,300	5,300	5,167	133
Training	1,000	1,000	983	17
Utilities	69,350	92,550	65,112	27,438
Capital Outlay	120,000	120,000	1,288,501	(1,168,501)
Total Expenses	<u>394,042</u>	<u>438,242</u>	<u>1,601,351</u>	<u>(1,163,109)</u>
Other Financing Uses:				
Operating transfers to other funds	-	-	113,093	(113,093)
Loss on sale of asset	-	-	6,719	(6,719)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>119,812</u>	<u>(119,812)</u>
Total Charges to Appropriations	<u>394,042</u>	<u>438,242</u>	<u>1,721,163</u>	<u>(1,282,921)</u>
Ending Budgetary Fund Balance	<u>\$ 401,569</u>	<u>\$ 357,369</u>	<u>\$ 351,705</u>	<u>\$ (5,664)</u>

**CITY OF CARL JUNCTION, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED APRIL 30, 2021**

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

	2021	2020	2019	2018	2017	2016
Total Pension Liability						
Service Cost	\$ 149,427	\$ 147,761	\$ 142,227	\$ 134,111	\$ 113,932	\$ 105,849
Interest on Total Pension Liability	299,889	277,819	256,657	236,932	190,218	171,668
Changes of Benefit Terms	-	-	-	-	296,229	-
Difference Between Expected and Actual Experience	67,771	(9,622)	(26,953)	(28,526)	(4,913)	60,673
Changes of Assumptions	-	-	-	(16,572)	139,540	-
Benefit Payments, Including Refunds	(139,047)	(86,593)	(79,063)	(69,233)	(98,989)	(74,072)
Net Change in Total Pension Liability	378,040	329,365	292,868	256,712	636,017	264,118
Total Pension Liability - Beginning	4,131,306	3,801,941	3,509,073	3,252,361	2,616,344	2,352,226
Total Pension Liability - Ending (a)	\$ 4,509,346	\$ 4,131,306	\$ 3,801,941	\$ 3,509,073	\$ 3,252,361	\$ 2,626,344
Plan Fiduciary Net Position						
Contributions - Employer	\$ 135,925	\$ 140,813	\$ 138,203	\$ 125,755	\$ 96,338	\$ 104,892
Contributions - Employee	56,556	49,735	48,249	46,577	43,066	44,363
Net Investment Income	50,862	256,089	381,753	328,598	(4,468)	49,120
Benefit Payments, Including Refunds	(139,047)	(86,593)	(79,063)	(69,233)	(98,989)	(74,072)
Pension Plan Administrative Expense	(6,859)	(6,280)	(4,184)	(3,878)	(3,871)	(4,008)
Other (Net Transfer)	(8,865)	27,032	11,450	7,409	15,511	39,568
Net Change in Plan Fiduciary Net Position	88,572	380,796	496,408	435,228	47,587	159,863
Plan Fiduciary Net Position - Beginning	3,985,306	3,604,508	3,108,100	2,672,872	2,625,285	2,465,422
Rounding	(2)	2	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	4,073,876	3,985,306	3,604,508	3,108,100	2,672,872	2,625,285
Net Pension Liability/(Asset), Ending=(a)-(b)	\$ 435,470	\$ 146,000	\$ 197,433	\$ 400,973	\$ 579,489	\$ (8,941)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.34%	96.47%	94.81%	88.57%	82.18%	100.34%
Covered-Employee Payroll	\$ 1,222,302	\$ 1,222,302	\$ 1,222,302	\$ 1,155,730	\$ 1,079,412	\$ 1,063,111
Net Pension Liability as a Percentage of Covered Employee Payroll	35.63%	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**

Fiscal Year Ending April 30	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
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%
2021	140,592	140,592	0.05	1,277,814	11.00%

Notes to Schedule:

Valuation Date: February 29, 2020

The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 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 reitree 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, 2021**

	Park Fund	Capital Improvements Fund	Debt Service Fund	Total Other Governmental Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,427	\$ 285,212	\$ 560,726	\$ 850,365
Accounts receivable, net	-	-	67,946	67,946
Total current assets	<u>4,427</u>	<u>285,212</u>	<u>628,672</u>	<u>918,311</u>
Total Assets	<u>\$ 4,427</u>	<u>\$ 285,212</u>	<u>\$ 628,672</u>	<u>\$ 918,311</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,849	\$ 5,768	\$ -	\$ 7,617
Total Liabilities	<u>1,849</u>	<u>5,768</u>	<u>-</u>	<u>7,617</u>
Deferred Inflows of Resources:				
Non-current taxes receivable	-	-	64,239	64,239
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>64,239</u>	<u>64,239</u>
Fund Balances:				
Committed	<u>2,578</u>	<u>279,444</u>	<u>564,433</u>	<u>846,455</u>
Total Fund Balances	<u>2,578</u>	<u>279,444</u>	<u>564,433</u>	<u>846,455</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,427</u>	<u>\$ 285,212</u>	<u>\$ 628,672</u>	<u>\$ 918,311</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, 2021

	<u>Park Fund</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
Revenues:				
Sales taxes:				
Taxes	\$ 155,188	\$ 155,189	\$ 419,784	\$ 730,161
Interest income	21	74	187	282
Miscellaneous	60,092	-	-	60,092
Total Revenues	<u>215,301</u>	<u>155,263</u>	<u>419,971</u>	<u>790,535</u>
Expenditures:				
Current:				
Park department	473,872	-	-	473,872
Capital improvements	-	7,063	-	7,063
Debt service	-	-	3,364	3,364
Total Expenditures	<u>473,872</u>	<u>7,063</u>	<u>3,364</u>	<u>484,299</u>
Excess (deficiency) of revenues over expenditures	(258,571)	148,200	416,607	306,236
Other Financing Sources (Uses):				
Operating transfers in	398,025	-	-	398,025
Operating transfers out	(251,832)	(50,524)	(393,041)	(695,397)
Total Other Financing Sources (Uses)	<u>146,193</u>	<u>(50,524)</u>	<u>(393,041)</u>	<u>(297,372)</u>
Net change in fund balances	(112,378)	97,676	23,566	8,864
Fund balances--beginning	114,956	181,768	540,867	837,591
Fund balances--ending	<u>\$ 2,578</u>	<u>\$ 279,444</u>	<u>\$ 564,433</u>	<u>\$ 846,455</u>

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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*

To 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, 2021, 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 30, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 loop at the end of the "PC".

Taylor Green PC

Neosho, Missouri
September 30, 2021