

City of Carl Junction, Missouri

Basic Financial Statements
Year Ended April 30, 2022

KPM
CPAS & ADVISORS

Table of Contents

Independent Auditors' Report	3
Management's Discussion and Analysis	7
Basic Financial Statements	
Statement of Net Position.....	13
Statement of Activities.....	15
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	22
Statement of Cash Flows – Proprietary Funds	23
Notes to the Financial Statements.....	25
Required Supplementary Information	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	48
Schedule of Contributions.....	49
Notes to the Schedule of Contributions	50
Budgetary Comparison Schedule – General Fund	51
Budgetary Comparison Schedule – Street Fund	53
Budgetary Comparison Schedule – Park Fund	54
Budgetary Comparison Schedule – Capital Improvement Fund	55
Budgetary Comparison Schedule – ARPA Fund	56
Notes to the Budgetary Comparison Schedules	57
Other Reporting Requirements	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59
Schedule of Findings and Responses	61



Honorable Mayor and Board of Alderpersons
City of Carl Junction
Carl Junction, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Carl Junction, Missouri as of April 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Carl Junction, Missouri and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Carl Junction, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Carl Junction, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022, on our consideration of the City of Carl Junction, Missouri's internal control over financial reporting and 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'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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 19, 2022

Management's Discussion and Analysis

City of Carl Junction

Management's Discussion and Analysis

April 30, 2022

The Management's Discussion and Analysis of the City of Carl Junction's financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2022. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities decreased by \$19,952 as a result of current year activities. The net position of the City's business-type activities decreased by \$516,082 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of April 30, 2022, by \$38,186,838 (net position). Of this amount \$3,996,604 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City decreased by \$506,322 primarily due to principal payments on debt.

Using this Report

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position – the difference between assets and deferred outflows and liabilities and deferred inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary sources of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.

City of Carl Junction

Management's Discussion and Analysis

April 30, 2022

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds and not the City as a whole. However, the Board of Aldermen establishes funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

Enterprise Funds

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

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

City of Carl Junction

Management's Discussion and Analysis

April 30, 2022

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of April 30, 2022 and 2021, as restated:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total April 30, 2022</u>	<u>Total April 30, 2021</u>
Assets				
Current and other assets	\$ 4,676,369	\$ 2,565,608	\$ 7,241,977	\$ 5,637,488
Net pension asset	346,795	267,564	614,359	-
Capital assets	20,526,323	15,637,425	36,163,748	37,929,054
	<u>25,549,487</u>	<u>18,470,597</u>	<u>44,020,084</u>	<u>43,566,542</u>
Deferred Outflow of Resources				
Deferred pension outflows	93,180	71,392	164,572	383,436
Liabilities				
Other liabilities	1,271,293	466,929	1,738,222	1,122,406
Long-term liabilities	2,205,773	1,283,736	3,489,509	3,995,831
	<u>3,477,066</u>	<u>1,750,665</u>	<u>5,227,731</u>	<u>5,118,237</u>
Deferred Inflow of Resources				
Deferred pension inflows	340,035	430,052	770,087	108,869
	<u>340,035</u>	<u>430,052</u>	<u>770,087</u>	<u>108,869</u>
Net Position				
Net investment in capital assets	18,019,335	14,277,325	32,296,660	33,648,645
Restricted	1,540,392	353,182	1,893,574	898,789
Unrestricted	2,265,839	1,730,765	3,996,604	4,175,438
	<u>\$ 21,825,566</u>	<u>\$ 16,361,272</u>	<u>\$ 38,186,838</u>	<u>\$ 38,722,872</u>

Total net position of the City decreased by \$536,034 for the year due to current year activity. Total liabilities for the City have increased by \$109,494. Restricted net position of the City totaled \$1,893,574 as of April 30, 2022.

City of Carl Junction

Management's Discussion and Analysis

April 30, 2022

Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Year Ended April 30, 2022</u>	<u>Total Year Ended April 30, 2021</u>
Revenues and Transfers				
Program Revenues				
Charges for services	\$ 406,318	\$ 2,629,077	\$ 3,035,395	\$ 3,033,863
Operating grants and contributions	143,896	-	143,896	209,165
Capital grants and contributions	-	-	-	1,802,350
General Revenues				
Ad valorem taxes	889,561	-	889,561	928,775
Sales taxes	1,099,556	-	1,099,556	876,201
Motor vehicle and gas taxes	325,285	-	325,285	291,761
Franchise fees	455,288	-	455,288	464,219
Interest	380	466	846	2,069
Other revenue	17,430	-	17,430	146,998
Transfers	(17,339)	17,339	-	-
Total Revenues and Transfers	<u>3,320,375</u>	<u>2,646,882</u>	<u>5,967,257</u>	<u>7,755,401</u>
Expenses				
Administrative	266,111	-	266,111	1,062,958
Police	1,235,701	-	1,235,701	1,123,280
Municipal court	45,903	-	45,903	75,553
Planning and zoning	3,528	-	3,528	-
Building inspector	30,794	-	30,794	-
Community service	21,000	-	21,000	53,250
Street	1,125,831	-	1,125,831	639,441
Parks	485,164	-	485,164	296,317
Debt service	126,295	-	126,295	3,364
Water	-	1,421,114	1,421,114	1,360,638
Sewer	-	1,741,850	1,741,850	1,383,966
Total Expenses	<u>3,340,327</u>	<u>3,162,964</u>	<u>6,503,291</u>	<u>5,998,767</u>
<i>Change in Net Position</i>	<u>\$ (19,952)</u>	<u>\$ (516,082)</u>	<u>\$ (536,034)</u>	<u>\$ 1,756,634</u>

City of Carl Junction

Management's Discussion and Analysis

April 30, 2022

Governmental Activities

Governmental activities decreased the net position of the City by \$19,952 from the restated beginning net position. Tax revenues for the City were \$2,769,690, which represents 83% of the funding of these activities. Program revenues for the functions totaled \$550,214, or 17% of the funding. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Carl Junction's Governmental Activities

	Total Cost of Services	Net Cost of Services
Administrative	\$ 266,111	\$ (5,074)
Police	1,235,701	1,149,129
Municipal court	45,903	45,903
Planning and zoning	3,528	3,528
Building inspector	30,794	(14,456)
Community service	21,000	(16,129)
Street	1,125,831	1,111,720
Parks	485,164	389,197
Debt service	126,295	126,295
	<u>\$ 3,340,327</u>	<u>\$ 2,790,113</u>

Business-Type Activities

Business-type activities decreased the City's net position by \$516,082 from the restated beginning net position. Last year the business-type activities increased net position by \$263,220.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of April 30, 2022, were \$3,645,284. The General Fund increased by \$201,594. The Street Fund increased by \$77,331. The Park Fund increased by \$98,871. The Capital Improvement Sales Tax Fund increased by \$43,336. The ARPA Fund increased by \$38. The Debt Service Fund decreased by \$16,231.

City of Carl Junction

Management's Discussion and Analysis

April 30, 2022

General Fund Budgetary Highlights

Differences between the original and the final actual results can be summarized as follows:

- The original revenue budget was \$1,809,180 compared to \$2,009,002 actual revenues.
- The original expenditures budget was \$1,748,495 compared to \$1,745,369 actual expenditures.

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$20,526,323 (net of accumulated depreciation) as of April 30, 2022. This represents a \$945,725 decrease from the prior year. Capital assets for business-type activities were \$15,637,425 as of April 30, 2022. This represents a decrease of \$880,058 primarily due to depreciation on assets.

Debt

Total debt of the governmental activities as of April 30, 2022, consists of \$2,506,988 in Series 2022 General Obligation Refunding Bonds and an equipment lease.

Total debt of the business-type activities as of April 30, 2022, consists of \$1,360,100 in Series 2013 Revenue Bonds.

Economic Factors and Next Year's Budget

General Fund Revenue for fiscal year 2022-2023 is projected to be flat or a very small increase. Offsetting any increases in gross receipts will be a reduction in court fines collected as past legislation continues to make an impact on these revenues.

Modernization in equipment at the Police Department will be funded with the Public Safety Sales Tax and Law Enforcement Sales Tax grant from Jasper County. This will be the 1st full year of collection for the Public Safety Sales Tax.

ARPA funds from the federal government will make a large and lasting impact on the City as projects for park improvement, emergency equipment for the Community Center and better citizen engagement programs will be implemented. These grant funds and other planned grant funds for sidewalk improvements and new park and pavilion in Ward 3 will help to keep up with the sustained growth that the City has experienced.

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Carl Junction
303 North Main
Carl Junction, MO 64834
(417) 649-7237

Mark Powers, Mayor
Steve Lawver, City Administrator
Alaina Wright, City Clerk

City of Carl Junction

Statement of Net Position

April 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 3,585,134	\$ 1,669,027	\$ 5,254,161
Investments	163,059	130,847	293,906
Taxes receivable	336,419	-	336,419
Utilities receivable, net	-	193,416	193,416
Intergovernmental receivable	7,797	-	7,797
Other receivable	4,850	-	4,850
Prepaid expenses	12,811	10,910	23,721
Noncurrent			
Restricted cash and cash equivalents	566,299	561,408	1,127,707
Net pension asset	346,795	267,564	614,359
Capital Assets			
Non-depreciable	547,422	242,000	789,422
Depreciable, net	19,978,901	15,395,425	35,374,326
Total Assets	25,549,487	18,470,597	44,020,084
Deferred Outflow of Resources			
Deferred pension outflows	93,180	71,392	164,572

See accompanying notes to the financial statements.

City of Carl Junction

Statement of Net Position

April 30, 2022

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current			
Accounts payable	85,663	149,727	235,390
Accrued expenses	30,650	14,476	45,126
Deposits payable	-	208,226	208,226
Unearned revenue	789,493	-	789,493
Current portion of long-term debt	365,487	94,500	459,987
	1,271,293	466,929	1,738,222
Noncurrent			
Compensated absences payable	64,272	18,136	82,408
Loan payable	20,621	-	20,621
General obligation bonds payable, net	2,120,880	-	2,120,880
Revenue bonds payable	-	1,265,600	1,265,600
	2,205,773	1,283,736	3,489,509
Total Liabilities	3,477,066	1,750,665	5,227,731
Deferred Inflow of Resources			
Deferred pension inflows	340,035	430,052	770,087
	340,035	430,052	770,087
Net Position			
Net investment in capital assets	18,019,335	14,277,325	32,296,660
Restricted	1,540,392	353,182	1,893,574
Unrestricted	2,265,839	1,730,765	3,996,604
Total Net Position	\$ 21,825,566	\$ 16,361,272	\$ 38,186,838

See accompanying notes to the financial statements.

City of Carl Junction

Statement of Activities

Year Ended April 30, 2022

Functions/Programs	Program Revenues				Net (Expenses), Revenues, and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (266,111)	\$ 271,185	\$ -	\$ -	\$ 5,074	\$ -	\$ 5,074
Police	(1,235,701)	73,077	13,495	-	(1,149,129)	-	(1,149,129)
Municipal court	(45,903)	-	-	-	(45,903)	-	(45,903)
Planning and zoning	(3,528)	-	-	-	(3,528)	-	(3,528)
Building inspector	(30,794)	45,250	-	-	14,456	-	14,456
Community service	(21,000)	13,504	23,625	-	16,129	-	16,129
Street	(1,125,831)	-	14,111	-	(1,111,720)	-	(1,111,720)
Parks	(485,164)	3,302	92,665	-	(389,197)	-	(389,197)
Debt service	(126,295)	-	-	-	(126,295)	-	(126,295)
Total Governmental Activities	(3,340,327)	406,318	143,896	-	(2,790,113)	-	(2,790,113)
Business-type activities							
Water	(1,421,114)	1,265,856	-	-	-	(155,258)	(155,258)
Sewer	(1,741,850)	1,363,221	-	-	-	(378,629)	(378,629)
Total Business-Type Activities	(3,162,964)	2,629,077	-	-	-	(533,887)	(533,887)
Total Government	\$ (6,503,291)	\$ 3,035,395	\$ 143,896	\$ -	(2,790,113)	(533,887)	(3,324,000)
General Revenues							
Ad valorem taxes					889,561	-	889,561
Sales taxes					1,099,556	-	1,099,556
Motor vehicle taxes					325,285	-	325,285
Franchise fees					455,288	-	455,288
Interest					380	466	846
Other revenue					17,430	-	17,430
Transfers					(17,339)	17,339	-
Total General Revenues and Transfers					2,770,161	17,805	2,787,966
<i>Changes in Net Position</i>					(19,952)	(516,082)	(536,034)
Net Position, Beginning of year, as restated					21,845,518	16,877,354	38,722,872
Net Position, End of year					\$ 21,825,566	\$ 16,361,272	\$ 38,186,838

See accompanying notes to the financial statements.

City of Carl Junction

Balance Sheet – Governmental Funds

April 30, 2022

	Special Revenue Funds					Debt Service Fund	Total Governmental Funds
	General Fund	Street Fund	Park Fund	Capital Improvements Fund	ARPA Fund		
Assets							
Cash and cash equivalents	\$ 1,893,635	\$ 432,887	\$ 105,626	\$ 360,117	\$ 792,869	\$ -	\$ 3,585,134
Investments	163,059	-	-	-	-	-	163,059
Ad valorem taxes receivable, net	69,496	-	-	-	-	59,795	129,291
Sales taxes receivable	96,406	55,763	27,479	27,480	-	-	207,128
Intergovernmental receivables	-	7,797	-	-	-	-	7,797
Other receivables	4,850	-	-	-	-	-	4,850
Prepaid expenses	11,577	1,180	54	-	-	-	12,811
Restricted cash and cash equivalents	19,928	-	-	-	-	546,371	566,299
Total Assets	<u>\$ 2,258,951</u>	<u>\$ 497,627</u>	<u>\$ 133,159</u>	<u>\$ 387,597</u>	<u>\$ 792,869</u>	<u>\$ 606,166</u>	<u>\$ 4,676,369</u>
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities							
Accounts payable	\$ 39,633	\$ 7,027	\$ 1,279	\$ 34,386	\$ 3,338	\$ -	\$ 85,663
Accrued expenses	29,545	1,105	-	-	-	-	30,650
Unearned revenue	-	-	-	-	789,493	-	789,493
Total Liabilities	<u>69,178</u>	<u>8,132</u>	<u>1,279</u>	<u>34,386</u>	<u>792,831</u>	<u>-</u>	<u>905,806</u>
Deferred Inflows - tax revenue	67,315	-	-	-	-	57,964	125,279
Fund Balances							
Nonspendable							
Prepaid expenses	11,577	1,180	54	-	-	-	12,811
Restricted for							
Debt service	-	-	-	-	-	548,202	548,202
Building deposits	10,350	-	-	-	-	-	10,350
Shop with a cop	8,488	-	-	-	-	-	8,488
Streets	-	488,315	-	-	-	-	488,315
Parks	-	-	131,826	-	-	-	131,826
Capital improvements	-	-	-	353,211	-	-	353,211
Assigned to							
Recovery act	-	-	-	-	38	-	38
Unassigned	2,092,043	-	-	-	-	-	2,092,043
Total Fund Balances	<u>2,122,458</u>	<u>489,495</u>	<u>131,880</u>	<u>353,211</u>	<u>38</u>	<u>548,202</u>	<u>3,645,284</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,258,951</u>	<u>\$ 497,627</u>	<u>\$ 133,159</u>	<u>\$ 387,597</u>	<u>\$ 792,869</u>	<u>\$ 606,166</u>	<u>\$ 4,676,369</u>

See accompanying notes to the financial statements.

City of Carl Junction

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

April 30, 2022

Fund balance - total governmental funds	\$ 3,645,284
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	37,703,500
Less accumulated depreciation	<u>(17,177,177)</u>
	20,526,323
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	346,795
Deferred outflows due to pension	93,180
Deferred inflows due to pension	<u>(340,035)</u>
	99,940
Compensated absences are not accrued in the governmental funds, but rather are recognized as an expenditure when paid	(64,272)
Adjustment of unavailable revenue	125,279
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(2,506,988)</u>
Net Position of Governmental Activities	<u><u>\$ 21,825,566</u></u>

See accompanying notes to the financial statements.

City of Carl Junction

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended April 30, 2022

	Special Revenue Funds					Debt Service Fund	Total Governmental Funds
	General Fund	Street Fund	Park Fund	Capital Improvement Fund	ARPA Fund		
Revenues							
Taxes	\$ 1,555,075	\$ 495,931	\$ 170,638	\$ 170,639	\$ -	\$ 391,778	\$ 2,784,061
Licenses and permits	130,439	-	-	-	-	-	130,439
Intergovernmental revenues	13,495	14,111	39,327	-	53,338	-	120,271
Charges for services	204,605	-	3,302	-	-	-	207,907
Fines and forfeitures	67,972	-	-	-	-	-	67,972
Miscellaneous	37,416	1,730	2,028	73	38	150	41,435
Total Revenues	2,009,002	511,772	215,295	170,712	53,376	391,928	3,352,085
Expenditures							
Current							
Administrative	411,758	-	-	-	-	-	411,758
Police	1,190,630	-	-	-	-	-	1,190,630
Municipal court	45,903	-	-	-	-	-	45,903
Planning and zoning	3,528	-	-	-	-	-	3,528
Building inspector	30,794	-	-	-	-	-	30,794
Community service	21,000	-	-	-	-	-	21,000
Street	-	434,441	-	-	-	-	434,441
Parks	-	-	161,124	-	-	-	161,124
Capital improvement	-	-	-	127,376	-	-	127,376
Recovery act	-	-	-	-	53,338	-	53,338
Debt service							
Principal, interest and fees	41,756	-	-	-	-	2,860,934	2,902,690
Total Expenditures	1,745,369	434,441	161,124	127,376	53,338	2,860,934	5,382,582
<i>Excess (Deficit) of Revenues Over Expenditures</i>	263,633	77,331	54,171	43,336	38	(2,469,006)	(2,030,497)
Other Financing Sources (Uses)							
Bond proceeds	-	-	-	-	-	2,452,775	2,452,775
Operating transfers in (out)	(62,039)	-	44,700	-	-	-	(17,339)
Total Other Financing Sources (Uses)	(62,039)	-	44,700	-	-	2,452,775	2,435,436
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	201,594	77,331	98,871	43,336	38	(16,231)	404,939
Fund Balance, May 1, as restated	1,920,864	412,164	33,009	309,875	-	564,433	3,240,345
Fund Balance, April 30	\$ 2,122,458	\$ 489,495	\$ 131,880	\$ 353,211	\$ 38	\$ 548,202	\$ 3,645,284

See accompanying notes to the financial statements.

City of Carl Junction

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended April 30, 2022

Net change in fund balances - total governmental funds	\$	404,939
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense.

Capital outlay		429,743
Depreciation		(1,375,468)
		(945,725)

Some revenues reported in the governmental funds represent current financial resources and are recognized in the Statement of Activities when earned.		(14,371)
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Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the Statement of Activities when incurred.

Change in pension related costs		190,045
Change in compensated absences		21,540
		211,585

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding debt, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences.

Repayment of principal on debt		2,769,500
Bond proceeds		(2,285,000)
Premium on debt issuance		(160,880)
		323,620
Change in Net Position of Governmental Activities		\$ (19,952)

See accompanying notes to the financial statements.

City of Carl Junction

Statement of Net Position – Proprietary Funds

April 30, 2022

	Enterprise Funds		
	Waterworks System Fund	Wastewater System Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 363,207	\$ 1,305,820	\$ 1,669,027
Investments	125,000	5,847	130,847
Utilities receivable, net	95,173	98,243	193,416
Prepaid expenses	4,028	6,882	10,910
Total Current Assets	587,408	1,416,792	2,004,200
Restricted Assets			
Cash and cash equivalents	208,226	353,182	561,408
Total Restricted Assets	208,226	353,182	561,408
Property, Plant and Equipment			
Non-depreciable	92,000	150,000	242,000
Depreciable, net	5,573,742	9,821,683	15,395,425
Total Property, Plant, and Equipment	5,665,742	9,971,683	15,637,425
Net Pension Asset	133,782	133,782	267,564
Total Assets	6,595,158	11,875,439	18,470,597
Deferred Outflow of Resources			
Deferred Pension Outflows	35,696	35,696	71,392

See accompanying notes to the financial statements.

City of Carl Junction

Statement of Net Position – Proprietary Funds

April 30, 2022

	Enterprise Funds		
	Waterworks System Fund	Wastewater System Fund	Total
	Fund	Fund	Total
Liabilities			
Current Liabilities			
Accounts payable	15,522	134,205	149,727
Accrued expenses	7,236	7,240	14,476
Utility deposits	208,226	-	208,226
Current maturities of long-term debt	-	94,500	94,500
Total Current Liabilities	230,984	235,945	466,929
Long-Term Liabilities			
Compensated absences payable	9,068	9,068	18,136
Revenue bonds payable, net	-	1,265,600	1,265,600
Total Long-Term Liabilities	9,068	1,274,668	1,283,736
Total Liabilities	240,052	1,510,613	1,750,665
Deferred Inflow of Resources			
Deferred Pension Inflows	215,026	215,026	430,052
Net Position			
Net Investment in Capital Assets	5,665,742	8,611,583	14,277,325
Restricted	-	353,182	353,182
Unrestricted	510,034	1,220,731	1,730,765
Total Net Position	\$ 6,175,776	\$ 10,185,496	\$ 16,361,272

See accompanying notes to the financial statements.

City of Carl Junction

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended April 30, 2022

	Enterprise Funds		
	Waterworks System Fund	Wastewater System Fund	Total
	Fund	Fund	Total
Operating Revenues			
Charges for services	\$ 1,194,031	\$ 1,339,882	\$ 2,533,913
Miscellaneous	71,825	23,339	95,164
Total Operating Revenues	<u>1,265,856</u>	<u>1,363,221</u>	<u>2,629,077</u>
Operating Expenses			
Salaries and wages	270,191	269,365	539,556
Employee benefits	132,820	124,688	257,508
Gas and oil	9,537	9,537	19,074
Materials and supplies	15,453	15,188	30,641
Insurance	25,434	37,320	62,754
Telephone and utilities	128,275	86,313	214,588
Repairs and maintenance	297,499	312,584	610,083
Professional fees	27,322	103,537	130,859
Depreciation	380,300	656,243	1,036,543
Administrative	36,056	34,988	71,044
Other expenses	98,227	59,657	157,884
Total Operating Expenses	<u>1,421,114</u>	<u>1,709,420</u>	<u>3,130,534</u>
<i>Operating (Loss)</i>	(155,258)	(346,199)	(501,457)
Nonoperating Revenues (Expenses)			
Interest income	165	301	466
Interest and fees expense	-	(32,430)	(32,430)
Total Nonoperating Revenues (Expenses)	<u>165</u>	<u>(32,129)</u>	<u>(31,964)</u>
<i>(Loss) Before Operating Transfers</i>	(155,093)	(378,328)	(533,421)
Operating Transfers In	-	17,339	17,339
<i>Net (Loss)</i>	(155,093)	(360,989)	(516,082)
Net Position, May 1, as restated	6,330,869	10,546,485	16,877,354
Net Position, April 30	<u><u>\$ 6,175,776</u></u>	<u><u>\$ 10,185,496</u></u>	<u><u>\$ 16,361,272</u></u>

See accompanying notes to the financial statements.

City of Carl Junction

Statement of Cash Flows – Proprietary Funds

Year Ended April 30, 2022

	Enterprise Funds		
	Waterworks System Fund	Wastewater System Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,284,187	\$ 1,377,916	\$ 2,662,103
Cash paid to suppliers	(642,955)	(548,692)	(1,191,647)
Cash paid to employees	(390,188)	(381,239)	(771,427)
Net Cash Provided by Operating Activities	<u>251,044</u>	<u>447,985</u>	<u>699,029</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets, net	(1,316)	(155,169)	(156,485)
Payment of bond principal	-	(89,700)	(89,700)
Payment of interest and fees expense	-	(32,430)	(32,430)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,316)</u>	<u>(277,299)</u>	<u>(278,615)</u>
Cash Flows from Investing Activities			
Interest received	166	299	465
(Purchase) of investments	(100,000)	(10)	(100,010)
Net Cash Provided (Used) by Investing Activities	<u>(99,834)</u>	<u>289</u>	<u>(99,545)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	149,894	170,975	320,869
Cash and Cash Equivalents, Beginning of year	421,539	1,488,027	1,909,566
Cash and Cash Equivalents, End of year	571,433	1,659,002	2,230,435
Less Restricted Cash and Cash Equivalents	208,226	353,182	561,408
Unrestricted Cash and Cash Equivalents	<u>\$ 363,207</u>	<u>\$ 1,305,820</u>	<u>\$ 1,669,027</u>

See accompanying notes to the financial statements.

City of Carl Junction

Statement of Cash Flows – Proprietary Funds

Year Ended April 30, 2022

	Enterprise Funds		
	Waterworks System Fund	Wastewater System Fund	Total
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities			
Operating (loss)	\$ (155,258)	\$ (346,199)	\$ (501,457)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation	380,300	656,243	1,036,543
(Increase) decrease in			
Utilities receivable	8,536	14,695	23,231
Prepaid expenses	(358)	(526)	(884)
Net pension asset	(229,585)	(229,585)	(459,170)
Deferred pension outflow	48,659	48,659	97,318
Increase (decrease) in			
Accounts payable	(4,794)	110,958	106,164
Accrued expenses	(6,394)	(6,403)	(12,797)
Meter deposits payable	9,795	-	9,795
Deferred pension inflow	191,075	191,075	382,150
Compensated absences payable	9,068	9,068	18,136
Net Cash Provided by Operating Activities	<u>\$ 251,044</u>	<u>\$ 447,985</u>	<u>\$ 699,029</u>

See accompanying notes to the financial statements.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

1. Summary of Significant Accounting Policies

The City operates under a Board of Aldermen/Mayor form of government. The City provides the following services as authorized by its charter: public safety, streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water and sewer operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The City is organized under the laws of the State of Missouri and is a primary government, which is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the 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 criteria and therefore, no other entity has been included as a component unit in the 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.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, 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.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. 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 City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Street Fund: The Street Fund is used to account for revenue sources restricted, committed, or assigned for expenditures for streets.

Park Fund: The Park Fund is used to account for revenue sources restricted, committed, or assigned for expenditures for parks.

Capital Improvement Sales Tax Fund: The Capital Improvement Sales Tax Fund is used to account for revenue sources restricted, committed, or assigned for expenditures for capital improvement.

ARPA Fund: The ARPA Fund is used to account for resources restricted, committed, or assigned for the American Rescue Plan Act funding.

Debt Service Fund: The Debt Service Fund of the City is used to account for resources restricted, committed, or assigned for the payment of long-term debt on the 2022 Refunding General Obligation bond principal, interest, and related costs.

The City reports the following major proprietary funds:

Waterworks System Fund: The Waterworks System Fund accounts for the activities and capital improvements of the City's water operations.

Wastewater System Fund: The Wastewater System Fund accounts for the activities and capital improvements of the City's sewer operations.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least five years. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings	30-50 years
Improvements	30-50 years
Machinery and equipment	5-20 years
Vehicles	5-20 years
Infrastructure	30-50 years

Expenses for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Compensated Absences

Employees earn vacation time based on their years of service to the City and comp time based on hours worked. Outstanding vacation leave and comp time is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments consist of certificates of deposit with maturities in excess of three months.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenues and expenses are considered nonoperating.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: is classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Aldermen – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

Unearned Revenue

This is future revenue received for unspent grant proceeds and will be recognized as income when earned.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to the retirement plan.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, deferred pension inflows relating to the retirement plan on the Statement of Net Position and the portion of property taxes collectible that are in excess of three months. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension asset, deferred outflow of resources and deferred inflow 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.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of April 30, 2022, all bank balances on deposit are entirely insured or collateralized.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

3. Investments

Investments of the City as of April 30, 2022, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Total</u>
Certificates of Deposit	5/17/2022 - 10/21/2024	<u>\$ 293,906</u>

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of April 30, 2022, all certificates of deposit are entirely insured or collateralized with securities.

Custodial Risk

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City's Certificates of Deposit are entirely insured or collateralized by a trust department of a bank that does not hold the collateralized deposits.

Interest Rate Risk

The City has no formal policy on interest rate risk.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

4. Restricted Assets

Cash and cash equivalents and fund balance or net position have been restricted in the following funds and activities as follows:

	Restricted Cash and Cash Equivalents	Restricted Fund Balance/ Net Position
General Fund		
Shop with a Cop	\$ 8,488	\$ 8,488
Court Bonds	1,090	-
Building Deposits	10,350	10,350
	\$ 19,928	\$ 18,838
Street Fund		
Sales Tax	\$ -	\$ 488,315
Park Fund		
Sales Tax	\$ -	\$ 131,826
Capital Improvement Fund		
Sales Tax	\$ -	\$ 353,211
Debt Service Fund		
Debt Service	\$ 546,371	\$ 548,202
Waterworks System Fund		
Water Deposits	\$ 208,226	\$ -
Wastewater System Fund		
2013 Waterworks and Sewerage System Bonds		
Bond Reserves	\$ 353,182	\$ 353,182

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

5. Accounts Receivable

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

	Accounts Receivable	Allowance	Net Accounts Receivable
Property Taxes Receivable			
<i>Governmental Funds</i>			
General Fund	\$ 77,221	\$ (7,725)	\$ 69,496
Debt Service Fund	64,712	(4,917)	59,795
	<u>\$ 141,933</u>	<u>\$ (12,642)</u>	<u>\$ 129,291</u>
Utilities Receivable			
<i>Enterprise Funds</i>			
Waterworks System Fund	\$ 98,116	\$ (2,943)	\$ 95,173
Wastewater System Fund	101,281	(3,038)	98,243
	<u>\$ 199,397</u>	<u>\$ (5,981)</u>	<u>\$ 193,416</u>

6. Long-Term Liabilities – Governmental Activities

Series 2022 General Obligation Refunding Bonds

On February 3, 2022, the City issued \$2,285,000 in Series 2022 General Obligation Refunding Bonds to refund \$2,410,000 of the Series 2012 General Obligation Bonds. The Bonds bear interest at 3.0% with interest payments due March 1 and September 1 each year and principal payments due March 1, each year. The bonds may be called for redemption under the provisions outlined in the bond ordinance. The annual debt service requirements to amortize the principal on the bonds outstanding at April 30, 2022, are as follows:

Year Ending April 30,	Principal	Interest	Total
2023	\$ 325,000	\$ 73,882	\$ 398,882
2024	345,000	58,800	403,800
2025	365,000	48,450	413,450
2026	395,000	37,500	432,500
2027	410,000	25,650	435,650
2028	445,000	13,350	458,350
	<u>\$ 2,285,000</u>	<u>\$ 257,632</u>	<u>\$ 2,542,632</u>

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Capital Lease Agreement – Police Equipment

In October 2020, the City entered into a lease purchase agreement to finance the purchase of a police radio system, car, and other equipment in the amount of \$120,000. The lease requires semi-annual payments of \$20,878 with interest at 2.45% through October 2023. The lease is a direct borrowing debt issuance. If the City defaults in the principal or interest on the lease as it becomes due, the Lessor may declare all of the indebtedness to be immediately due and payable or take possession of the equipment purchased with the proceeds. The City’s agreement provides for the cancellation of the lease at the City’s option on the renewal date each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, the lease is accounted for as a noncancellable capital lease in accordance with GASB Section L20, “Leases.” The following is a schedule of the future minimum lease payments under the lease agreement (assuming noncancellation):

Year Ending April 30,	Direct Borrowing		
	Principal	Interest	Total
2023	\$ 40,487	\$ 1,269	\$ 41,756
2024	20,621	257	20,878
	<u>\$ 61,108</u>	<u>\$ 1,526</u>	<u>\$ 62,634</u>

The following table is a summary of the changes in Long-Term Liabilities – Governmental Activities:

	Balance April 30, 2021	Additions	Retirements	Balance April 30, 2022	Amounts Due Within One Year
General Obligation Bonds					
Series 2012B	\$ 2,730,000	\$ -	\$ 2,730,000	\$ -	\$ -
Series 2022 Refunding	-	2,285,000	-	2,285,000	325,000
Plus: Premium on G.O. Bonds	-	167,775	6,895	160,880	-
	<u>2,730,000</u>	<u>2,452,775</u>	<u>2,736,895</u>	<u>2,445,880</u>	<u>325,000</u>
Direct Borrowing					
Police Equipment Lease	100,608	-	39,500	61,108	40,487
Compensated Absences	85,812	-	21,540	64,272	-
	<u>\$ 2,916,420</u>	<u>\$ 2,452,775</u>	<u>\$ 2,797,935</u>	<u>\$ 2,571,260</u>	<u>\$ 365,487</u>

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

7. Long-Term Debt – Business-Type Activities

Wastewater System Fund

Series 2013 Revenue Bonds

During the year ended April 30, 2014, the City issued \$2,050,000 in Revenue Bonds for the purpose of extending and improving the sewerage system. The bonds bear interest at 1.55%. Interest payments are due in semi-annual installments on January 1 and July 1 of each year. In the event of default, the City must pay principal or interest on the bonds as they become due for a period of 60 days after written notice specifying such default has been given to the City, by the registered owner of any bond then outstanding, then at any time thereafter and while such default continues, the registered owners of 25% in principal amounts of the bonds outstanding may, by written notice to the City, declare the principal of all bonds then outstanding to be due and payable immediately. The annual debt service requirements to amortize the principal on the bonds outstanding at April 30, 2022, are as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 94,500	\$ 20,719	\$ 115,219
2024	96,400	19,247	115,647
2025	98,300	17,745	116,045
2026	101,200	16,206	117,406
2027	104,000	14,631	118,631
2028	105,900	13,011	118,911
2029	109,800	11,355	121,155
2030	111,700	9,646	121,346
2031	115,500	7,900	123,400
2032	117,400	6,103	123,503
2033	121,200	4,268	125,468
2034	123,100	2,382	125,482
2035	61,100	474	61,574
	<u>\$ 1,360,100</u>	<u>\$ 143,687</u>	<u>\$ 1,503,787</u>

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

The following table is a summary of the changes in the Long-Term Debt – Business-Type Activities:

	Balance April 30, 2021	Additions	Retirements	Balance April 30, 2022	Amounts Due Within One Year
Waterworks System Fund					
Compensated Absences	\$ 9,670	\$ -	\$ 602	\$ 9,068	\$ -
Wastewater System Fund					
Series 2013 Revenue Bonds	\$ 1,449,800	\$ -	\$ 89,700	\$ 1,360,100	\$ 94,500
Compensated Absences	9,670	-	602	9,068	-
	<u>\$ 1,459,470</u>	<u>\$ -</u>	<u>\$ 90,302</u>	<u>\$ 1,369,168</u>	<u>\$ 94,500</u>

8. Assessed Valuation & Legal Debt Margin

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

	2021
Assessed Valuation	
Real estate	\$ 82,044,093
Personal property	21,323,655
	<u>\$ 103,367,748</u>
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$ 0.4662
Debt Service Fund	0.3777
	<u>\$ 0.8439</u>

The legal debt margin at April 30, 2022, was computed as follows:

	General Obligations Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 10,336,775	\$ 10,336,775	\$ 20,673,550
General Obligation Bonds Payable	(2,285,000)	-	(2,285,000)
Amount Available in Debt Service Fund	548,202	-	548,202
Legal Debt Margin	<u>\$ 8,599,977</u>	<u>\$ 10,336,775</u>	<u>\$ 18,936,752</u>

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

9. Capital Assets

Capital asset activity for the year ended April 30, 2022, was as follows:

	Balance April 30, 2021	Additions	Deletions	Balance April 30, 2022
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 529,262	\$ 18,160	\$ -	\$ 547,422
Construction in progress	60,477	-	60,477	-
Total Non-depreciable Capital Assets	589,739	\$ 18,160	\$ 60,477	547,422
Depreciable Capital Assets				
Buildings	17,312,495	\$ 17,156	\$ -	17,329,651
Improvements	887,862	99,999	-	987,861
Machinery and equipment	1,347,532	-	17,179	1,330,353
Vehicles	255,499	85,850	28,191	313,158
Infrastructure	16,926,000	269,055	-	17,195,055
Total Depreciable Capital Assets	36,729,388	\$ 472,060	\$ 45,370	37,156,078
Less Accumulated Depreciation				
Buildings	8,244,002	\$ 343,093	\$ -	8,587,095
Improvements	121,732	43,489	-	165,221
Machinery and equipment	723,792	87,125	17,179	793,738
Vehicles	119,186	34,274	28,191	125,269
Infrastructure	6,638,367	867,487	-	7,505,854
Total Accumulated Depreciation	15,847,079	\$ 1,375,468	\$ 45,370	17,177,177
Total Depreciable Capital Assets, net	20,882,309			19,978,901
Total Governmental Activities Capital Assets, net	\$ 21,472,048			\$ 20,526,323

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Depreciation expense was charged to functions as follows:

Administrative	\$ 195,046
Police	175,654
Parks	188,581
Street	816,187
	\$ 1,375,468

	Balance April 30, 2021	Additions	Deletions	Balance April 30, 2022
Business-Type Activities				
Waterworks System Fund				
Non-Depreciable Capital Assets				
Land	\$ 92,000	\$ -	\$ -	\$ 92,000
Depreciable Capital Assets				
Buildings	6,076,329	\$ -	\$ -	6,076,329
Machinery and equipment	2,278,758	-	45,641	2,233,117
Vehicles	100,261	46,957	-	147,218
Infrastructure	7,039,440	-	-	7,039,440
	15,494,788	\$ 46,957	\$ 45,641	15,496,104
Less Accumulated Depreciation	9,542,062	\$ 380,300	\$ -	9,922,362
Total Depreciable Capital Assets, net	5,952,726			5,573,742
Wastewater System Fund				
Non-Depreciable Capital Assets				
Land	150,000	\$ -	\$ -	150,000
Depreciable Capital Assets				
Buildings	16,945,368	\$ -	\$ -	16,945,368
Machinery and equipment	543,421	50,483	-	593,904
Vehicles	134,520	18,100	-	152,620
Infrastructure	8,918,410	86,586	-	9,004,996
	26,541,719	\$ 155,169	\$ -	26,696,888
Less Accumulated Depreciation	16,218,962	\$ 656,243	\$ -	16,875,205
Total Depreciable Capital Assets, net	10,322,757			9,821,683
Total Capital Assets - Business - Type Activities, net	\$ 16,517,483			\$ 15,637,425

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

10. Employee Pension Plan

General Information about the Pension Plan

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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly 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 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 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 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	<u>2022 Valuation</u>
Benefit multiplier	2.00% for life
Final average salary	5 years
Member contributions	4%

Benefit terms provide for annual post retirement 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 June 30, 2021, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>
Inactive employees or beneficiaries currently receiving benefits	11	5
Inactive employees entitled to but not yet receiving benefits	-	11
Active employees	19	11
	<u>30</u>	<u>27</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 the 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 do not contribute to the pension plan. Employer contribution rates are 11.8% (General) and 11.3% (Police) of annual covered payroll.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Net Pension Asset. The employer's net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2021.

Actuarial Assumptions. The total pension liability in the February 28, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 6.75% including wage inflation (General); 2.75% to 6.55% including wage inflation (Police)
Investment rate of return	7.00% net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2021, 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 estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. 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 the actuarially determined rates for employers. Based on these assumptions, the pension 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 payment to determine the total pension liability.

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
General Division			
Balance at beginning of year	\$ 3,123,321	\$ 2,730,822	\$ 392,499
Changes for the year			
Service Cost	89,907	-	89,907
Interest on total pension liability	226,437	-	226,437
Difference between expected and actual experiences	(161,023)	-	(161,023)
Changes of assumptions	(65,967)	-	(65,967)
Benefits paid, including refunds	(90,003)	(90,003)	-
Contributions - employer	-	93,303	(93,303)
Contributions - employee	-	32,567	(32,567)
Net investment income	-	758,120	(758,120)
Administrative expenses	-	(2,773)	2,773
Other changes	-	(37,791)	37,791
<i>Net changes</i>	(649)	753,423	(754,072)
Balances at end of year	3,122,672	3,484,245	(361,573)
Police Division			
Balance at beginning of year	1,386,025	1,343,054	42,971
Changes for the year			
Service Cost	59,090	-	59,090
Interest on total pension liability	101,481	-	101,481
Difference between expected and actual experiences	48	-	48
Changes of assumptions	7,456	-	7,456
Contributions - employer	-	48,973	(48,973)
Contributions - employee	-	18,745	(18,745)
Benefits paid, including refunds	(31,169)	(31,169)	-
Net investment income	-	380,691	(380,691)
Administrative expenses	-	(2,261)	2,261
Other changes	-	17,684	(17,684)
<i>Net changes</i>	136,906	432,663	(295,757)
Balances at end of year	1,522,931	1,775,717	(252,786)
Total Plan Balances at End of Year	\$ 4,645,603	\$ 5,259,962	\$ (614,359)

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

The net pension (asset) has been allocated as follows:

Governmental Activities	\$ (346,795)
Business-Type Activities	
Electric Fund	(133,782)
Water Fund	(133,782)
	(267,564)
	\$ (614,359)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following present the net pension asset of the employer, calculated using the discount rate of 7.00%, as well as what the employer's net pension asset would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	6.00%	7.00%	8.00%
General Division			
Total Pension Liability	\$ 3,535,843	\$ 3,122,672	\$ 2,775,900
Fiduciary Net Position	3,484,245	3,484,245	3,484,245
Net Pension Liability (Asset)	51,598	(361,573)	(708,345)
Police Division			
Total Pension Liability	1,794,496	1,522,931	1,306,724
Fiduciary Net Position	1,775,717	1,775,717	1,775,717
Net Pension Liability (Asset)	18,779	(252,786)	(468,993)
Total Net Pension Liability (Asset)	\$ 70,377	\$ (614,359)	\$ (1,177,338)

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the employer recognized a pension credit of \$9,212 in the general division and \$24,354 in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
General Division			
Differences between expected and actual experience	\$ 21,271	\$ (151,380)	\$ (130,109)
Assumption changes	76	(58,138)	(58,062)
Net difference between projected and actual earnings on pension plan investments	-	(371,633)	(371,633)
Contributions subsequent to the measurement date*	75,129	-	75,129
	<u>96,476</u>	<u>(581,151)</u>	<u>(484,675)</u>
Police Division			
Differences between expected and actual experience	23,683	(4,205)	19,478
Assumption changes	5,710	-	5,710
Net difference between projected and actual earnings on pension plan investments	-	(184,731)	(184,731)
Contributions subsequent to the measurement date*	38,703	-	38,703
	<u>68,096</u>	<u>(188,936)</u>	<u>(120,840)</u>
	<u>\$ 164,572</u>	<u>\$ (770,087)</u>	<u>\$ (605,515)</u>

Deferred outflows and (inflows) have been allocated as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental Activities	\$ 93,180	\$ (340,035)	\$ (246,855)
Business-Type Activities			
Electric Fund	35,696	(215,026)	(179,330)
Water Fund	35,696	(215,026)	(179,330)
	<u>71,392</u>	<u>(430,052)</u>	<u>(358,660)</u>
	<u>\$ 164,572</u>	<u>\$ (770,087)</u>	<u>\$ (605,515)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ending April 30, 2023.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending April 30,	Net Deferred Outflows (Inflows) of Resources		
	General	Police	Total
2023	\$ (142,621)	\$ (39,233)	\$ (181,854)
2024	(117,542)	(31,587)	(149,129)
2025	(112,651)	(32,906)	(145,557)
2026	(143,473)	(55,817)	(199,290)
2027	(36,427)	-	(36,427)
Thereafter	(7,090)	-	(7,090)
	<u>\$ (559,804)</u>	<u>\$ (159,543)</u>	<u>\$ (719,347)</u>

Payable to the Pension Plan

At April 30, 2022, the City reported a payable of \$16,989 for the outstanding amounts of contributions to the pension plan.

11. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

12. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of April 30, 2022, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

13. Pledged Revenues

Wastewater System Fund

The City has pledged future sewer customer revenues to repay the 2013 Revenue Bonds issued to improve and expand the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2035. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$2,883,887. Principal and interest paid for the current year and total customer net revenues were \$113,746 and \$310,044, respectively.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

14. Interfund Transfers

Transfers between funds of the City for the year ended April 30, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 62,039
Park Fund	44,700	-
Wastewater System Fund	17,339	-
	<u>\$ 62,039</u>	<u>\$ 62,039</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

15. Deferred Taxes

Revenue has not been realized for receivables not expected to be collected within sixty day of year end, but are expected to be collectible. Deferred taxes as of April 30, 2022 are \$125,279.

16. Current Year Bond Refunding

On February 3, 2022, the City issued the Series 2022 General Obligation Refunding Bonds in the amount of \$2,285,000 with an interest rate of 3.00% to refund \$2,410,000 of Series 2012B General Obligation Bonds with interest rates at 3.75% to 5.10%.

As a result of the refunding, the City reduced its debt service requirements by \$162,212, which resulted in an economic gain (difference between the present value of debt service payments on old and new debt) of \$157,636.

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

17. Restatement

Fund balances and net position have been restated as of May 1, 2021 to accurately reflect sales taxes receivable, effects of net pension liability and related deferred inflows/outflows, accrued wages and compensated absences.

General Fund

FUND BALANCE, as previously stated, April 30, 2021	\$ 1,609,358
Sales taxes receivable	84,576
Accrued wages	(15,982)
Compensated absences	242,912
FUND BALANCE, as restated, May 1, 2021	<u>\$ 1,920,864</u>

Street Fund

FUND BALANCE, as previously stated, April 30, 2021	\$ 351,705
Sales taxes receivable	60,459
FUND BALANCE, as restated, May 1, 2021	<u>\$ 412,164</u>

Park Fund

FUND BALANCE, as previously stated, April 30, 2021	\$ 2,578
Sales taxes receivable	30,431
FUND BALANCE, as restated, May 1, 2021	<u>\$ 33,009</u>

Capital Improvement Fund

FUND BALANCE, as previously stated, April 30, 2021	\$ 279,444
Sales taxes receivable	30,431
FUND BALANCE, as restated, May 1, 2021	<u>\$ 309,875</u>

Governmental Activities

NET POSITION, as previously stated, April 30, 2021	\$ 21,427,705
Sales taxes receivable	205,897
Accrued wages	(15,982)
Deferred pension outflows	(168,710)
Net pension liability	191,606
Deferred pension inflows	47,902
Compensated absences	157,100
NET POSITION, as restated, May 1, 2021	<u>\$ 21,845,518</u>

Waterworks System Fund

NET POSITION, as previously stated, April 30, 2021	\$ 6,316,504
Deferred pension outflows	84,355
Net pension liability	(95,803)
Deferred pension inflows	(23,951)
Accrued wages	(3,960)
Compensated absences	53,724
NET POSITION, as restated, May 1, 2021	<u>\$ 6,330,869</u>

City of Carl Junction

Notes to the Financial Statements

April 30, 2022

Wastewater System Fund

NET POSITION, as previously stated, April 30, 2021	\$ 10,532,120
Deferred pension outflows	84,355
Net pension liability	(95,803)
Deferred pension inflows	(23,951)
Accrued wages	(3,960)
Compensated absences	53,724
NET POSITION, as restated, May 1, 2021	<u>\$ 10,546,485</u>

Business-type Activities

NET POSITION, as previously stated, April 30, 2021	\$ 16,848,624
Deferred pension outflows	168,710
Net pension liability	(191,606)
Deferred pension inflows	(47,902)
Accrued wages	(7,920)
Compensated absences	107,448
NET POSITION, as restated, May 1, 2021	<u>\$ 16,877,354</u>

Required Supplementary Information

City of Carl Junction

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Year Ended April 30, 2022

Missouri Local Government Employees Retirement System (LAGERS)							
	<u>Year Ended April 30, 2022</u>	<u>Year Ended April 30, 2021</u>	<u>Year Ended April 30, 2020</u>	<u>Year Ended April 30, 2019</u>	<u>Year Ended April 30, 2018</u>	<u>Year Ended April 30, 2017</u>	<u>Year Ended April 30, 2016</u>
Total Pension Liability							
Service Cost	\$ 148,997	\$ 149,427	\$ 147,761	\$ 142,227	\$ 134,111	\$ 113,932	\$ 105,849
Interest on the Total Pension Liability	327,918	299,889	277,819	256,657	236,932	190,218	171,668
Change in benefit terms	-	-	-	-	-	296,229	-
Difference between expected and actual experience	(160,975)	67,771	(9,622)	(26,953)	(28,526)	(4,913)	60,673
Change of assumptions	(58,511)	-	-	-	(16,572)	139,540	-
Benefit Payments, including refunds	(121,172)	(139,047)	(86,593)	(79,063)	(69,233)	(98,989)	(74,072)
Net Change in Total Pension Liability	136,257	378,040	329,365	292,868	256,712	636,017	264,118
Total Pension Liability, Beginning	4,509,346	4,131,306	3,801,941	3,509,073	3,252,361	2,616,344	2,352,226
Total Pension Liability, Ending	4,645,603	4,509,346	4,131,306	3,801,941	3,509,073	3,252,361	2,616,344
Plan Fiduciary Net Position							
Contributions - employer	142,276	135,925	140,813	138,203	125,755	96,338	104,892
Contributions - employee	51,312	56,556	49,735	48,249	46,577	43,066	44,363
Pension Plan Net Investment Income	1,138,811	50,862	256,089	381,753	328,598	(4,468)	49,120
Benefit Payments, including refunds	(121,172)	(139,047)	(86,593)	(79,063)	(69,233)	(98,989)	(74,072)
Pension Plan Administrative Expense	(5,034)	(6,859)	(6,280)	(4,184)	(3,878)	(3,871)	(4,008)
Other	(20,107)	(8,865)	27,032	11,450	7,409	15,511	39,568
Net Change in Plan Fiduciary Net Position	1,186,086	88,572	380,796	496,408	435,228	47,587	159,863
Plan Fiduciary Net Position, Beginning	4,073,876	3,985,304	3,604,508	3,108,100	2,672,872	2,625,285	2,465,422
Plan Fiduciary Net Position, Ending	5,259,962	4,073,876	3,985,304	3,604,508	3,108,100	2,672,872	2,625,285
Employer Net Pension Liability (Asset)	\$ (614,359)	\$ 435,470	\$ 146,002	\$ 197,433	\$ 400,973	\$ 579,489	\$ (8,941)
Plan fiduciary net position as a percentage of the total pension liability	113.22%	90.34%	96.47%	94.81%	88.57%	82.18%	100.34%
Covered payroll	\$ 1,251,180	\$ 1,362,812	\$ 1,222,302	\$ 1,204,918	\$ 1,155,730	\$ 1,079,412	\$ 1,063,111
Employer's net pension liability (asset) as a percentage of covered payroll	-49.10%	31.95%	11.94%	16.39%	34.69%	53.69%	-0.84%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Carl Junction

Schedule of Contributions

Year Ended April 30, 2022

Missouri Local Government Employees Retirement System (LAGERS)

Year Ending April 30,	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contribution as a Percentage of Covered Employee Payroll
2013	\$ 83,843	\$ 83,843	\$ -	\$ 1,091,934	7.68%
2014	100,548	100,548	-	997,052	10.08%
2015	105,581	105,582	1	1,092,557	9.66%
2016	96,264	96,264	-	1,117,988	8.61%
2017	124,425	124,425	-	1,164,236	10.69%
2018	137,855	136,371	(1,484)	1,188,585	11.47%
2019	140,418	140,418	-	1,231,877	11.40%
2020	137,017	137,017	-	1,256,879	10.90%
2021	140,592	140,592	-	1,277,814	11.00%
2022	137,489	136,180	(1,309)	1,172,552	11.61%

See accompanying notes to the Schedule of Contributions.

City of Carl Junction

Notes to the Schedule of Contributions

Year Ended April 30, 2022

Valuation Date: February 28, 2021

Notes: The roll-forward of total pension liability from February 28, 2021, to June 30, 2021, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

Amortization Method: A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of, (i) the remaining initial amortization period, or (ii) 15 years.

Remaining Amortization Period: Multiple bases from 14 to 21 years for general and police divisions

Asset Valuation Method: 5-Year smoothed market; 20% corridor

Inflation: 2.75% wage inflation; 2.25% price inflation

Salary Increases: 2.75% to 6.75% including wage inflation (General); 2.75% to 6.55% including wage inflation (Police)

Investment Rate of Return: 7.00%, net of investment expenses

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition

Mortality: The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

City of Carl Junction

Budgetary Comparison Schedule – General Fund

Year Ended April 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem taxes	\$ 440,000	\$ 440,000	\$ 497,783	\$ 57,783
Sales tax	505,000	505,000	602,004	97,004
Franchise taxes	459,500	459,500	455,288	(4,212)
	<u>1,404,500</u>	<u>1,404,500</u>	<u>1,555,075</u>	<u>150,575</u>
Licenses and Permits				
Occupational licenses	117,400	117,400	111,710	(5,690)
Other fees	12,000	12,000	18,729	6,729
	<u>129,400</u>	<u>129,400</u>	<u>130,439</u>	<u>1,039</u>
Intergovernmental Revenues				
Grants	15,000	15,000	13,495	(1,505)
Charges for Services				
Police services	60,000	60,000	63,859	3,859
Rent	57,800	57,800	57,878	78
Trash	75,000	75,000	82,868	7,868
	<u>192,800</u>	<u>192,800</u>	<u>204,605</u>	<u>11,805</u>
Fines and Forfeitures				
City court fines	66,100	66,100	67,972	1,872
Miscellaneous				
Interest	185	185	358	173
Donations	-	-	23,625	23,625
Other	1,195	1,195	13,433	12,238
	<u>1,380</u>	<u>1,380</u>	<u>37,416</u>	<u>36,036</u>
Total Revenues	<u>1,809,180</u>	<u>1,809,180</u>	<u>2,009,002</u>	<u>199,822</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – General Fund

Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
Administrative	279,535	279,535	411,758	(132,223)
Police	1,347,430	1,347,430	1,190,630	156,800
Municipal court	47,063	47,063	45,903	1,160
Planning and zoning	3,360	3,360	3,528	(168)
Building inspector	29,351	29,351	30,794	(1,443)
Community service	-	-	21,000	(21,000)
Debt Service				
Principal, interest and fees	41,756	41,756	41,756	-
Total Expenditures	1,748,495	1,748,495	1,745,369	3,126
<i>Excess of Revenues Over Expenditures</i>	60,685	60,685	263,633	202,948
Other Financing (Uses)				
Operating transfers (out)	(44,700)	(44,700)	(62,039)	(17,339)
<i>Excess of Revenues Over Expenditures and Other (Uses)</i>	15,985	15,985	201,594	185,609
Fund Balance, May 1, as restated	1,920,864	1,920,864	1,920,864	-
Fund Balance, April 30	\$ 1,936,849	\$ 1,936,849	\$ 2,122,458	\$ 185,609

See accompanying notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – Street Fund

Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales tax	\$ 140,000	\$ 140,000	\$ 170,646	\$ 30,646
Motor vehicle tax	300,000	300,000	325,285	25,285
	440,000	440,000	495,931	55,931
Intergovernmental				
Grants	-	-	14,111	14,111
Miscellaneous				
Interest	125	125	84	(41)
Other	1,700	1,700	1,646	(54)
	1,825	1,825	1,730	(95)
Total Revenues	441,825	441,825	511,772	69,947
Expenditures				
Current				
Street	426,816	426,816	434,441	(7,625)
Total Expenditures	426,816	426,816	434,441	(7,625)
<i>Excess of Revenues Over Expenditures</i>	15,009	15,009	77,331	62,322
Fund Balance, May 1, as restated	412,164	412,164	412,164	-
Fund Balance, April 30	\$ 427,173	\$ 427,173	\$ 489,495	\$ 62,322

See accompanying notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – Park Fund

Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales tax	\$ 140,000	\$ 140,000	\$ 170,638	\$ 30,638
Intergovernmental				
Grants	-	-	39,327	39,327
Charges for Services				
Center activities	3,300	3,300	3,302	2
Miscellaneous				
Interest	40	40	12	(28)
Other	2,200	2,200	2,016	(184)
	2,240	2,240	2,028	(212)
Total Revenues	145,540	145,540	215,295	69,755
Expenditures				
Current				
Parks	190,152	190,152	161,124	29,028
Total Expenditures	190,152	190,152	161,124	29,028
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(44,612)	(44,612)	54,171	98,783
Other Financing Sources				
Operating transfers in	44,700	44,700	44,700	-
<i>Excess of Revenues and Other Sources Over Expenditures</i>	88	88	98,871	98,783
Fund Balance, May 1, as restated	33,009	33,009	33,009	-
Fund Balance, April 30	\$ 33,097	\$ 33,097	\$ 131,880	\$ 98,783

See accompanying notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – Capital Improvement Fund

Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales tax	\$ 140,000	\$ 140,000	\$ 170,639	\$ 30,639
Miscellaneous				
Interest	75	75	73	(2)
Other	500	500	-	(500)
	575	575	73	(502)
Total Revenues	140,575	140,575	170,712	30,137
Expenditures				
Current				
Capital improvements	140,000	140,000	127,376	12,624
Total Expenditures	140,000	140,000	127,376	12,624
<i>Excess of Revenues Over Expenditures</i>	575	575	43,336	42,761
Fund Balance, May 1, as restated	309,875	309,875	309,875	-
Fund Balance, April 30	\$ 310,450	\$ 310,450	\$ 353,211	\$ 42,761

See accompanying notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – ARPA Fund

Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental revenues				
Grants	\$ -	\$ -	\$ 53,338	\$ 53,338
Miscellaneous				
Interest	-	-	38	38
Total Revenues	-	-	53,376	53,376
Expenditures				
Current				
Recovery act	-	-	53,338	(53,338)
Total Expenditures	-	-	53,338	(53,338)
<i>Excess of Revenues Over Expenditures</i>	-	-	38	38
Fund Balance, May 1	-	-	-	-
Fund Balance, April 30	\$ -	\$ -	\$ 38	\$ 38

See accompanying notes to the Budgetary Comparison Schedules.

City of Carl Junction

Notes to the Budgetary Comparison Schedules

Year Ended April 30, 2022

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April, Administration submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the Board of Aldermen in late March or early April to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to May 1, ordinances are passed by the Board of Aldermen which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the Board of Aldermen on approved budget adjustment forms.

Other Reporting Requirements



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and Board of Aldermen
City of Carl Junction, Missouri
Carl Junction, Missouri

We have audited, 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, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Carl Junction, Missouri's basic financial statements, and have issued our report thereon, dated September 19, 2022.

Report on 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's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, as item 2022-001 that we consider to be a material weakness.

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Report on 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*.

City of Carl Junction, Missouri's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Carl Junction, Missouri's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 19, 2022

City of Carl Junction

Schedule of Findings and Responses

Year Ended April 30, 2022

Material Weakness

2022-001 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.