

City of Carl Junction, Missouri

Basic Financial Statements
Year Ended April 30, 2023

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 Aldermen
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, 2023, 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, 2023, 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 Auditors' 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 87 – *Leases*, as of April 30, 2023. Our opinion is not modified with respect to this matter.

www.kpmcpa.com

1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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.

Auditors' 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 auditors' 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 1, 2023, 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 1, 2023

Management's Discussion and Analysis

City of Carl Junction

Management's Discussion and Analysis

April 30, 2023

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, 2023. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$872,136 as a result of current year activities. The net position of the City's business-type activities increased by \$351,950 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of April 30, 2023, by \$39,410,924 (net position). Of this amount \$4,772,288 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City increased by \$1,674,560 due to the net effect of principal payments made and a new financing agreement with MAMU for water projects.

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, 2023

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, 2023

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of April 30, 2023 and 2022:

	Governmental Activities	Business-Type Activities	Total April 30, 2023	Total April 30, 2022
Assets				
Current and other assets	\$ 5,835,800	\$ 5,419,427	\$ 11,255,227	\$ 7,870,243
Net pension asset	206,561	141,779	348,340	614,359
Capital assets	20,261,889	14,974,549	35,236,438	36,163,748
	<u>26,304,250</u>	<u>20,535,755</u>	<u>46,840,005</u>	<u>44,648,350</u>
Deferred Outflow of Resources	125,902	135,007	260,909	164,572
Liabilities				
Other liabilities	1,204,499	416,603	1,621,102	2,366,488
Long-term liabilities	1,807,011	3,357,058	5,164,069	3,489,509
	<u>3,011,510</u>	<u>3,773,661</u>	<u>6,785,171</u>	<u>5,855,997</u>
Deferred Inflow of Resources	<u>720,940</u>	<u>183,879</u>	<u>904,819</u>	<u>770,087</u>
Net Position				
Net investment in capital assets	18,168,588	13,708,949	31,877,537	32,296,660
Restricted	2,352,731	408,368	2,761,099	1,893,574
Unrestricted	2,176,383	2,595,905	4,772,288	3,996,604
	<u>\$ 22,697,702</u>	<u>\$ 16,713,222</u>	<u>\$ 39,410,924</u>	<u>\$ 38,186,838</u>

Total net position of the City increased by \$1,224,086 for the year due to current year activity. Total liabilities for the City have increased by \$929,174. Restricted net position of the City totaled \$2,761,099 as of April 30, 2023.

City of Carl Junction

Management's Discussion and Analysis

April 30, 2023

Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Year Ended April 30, 2023</u>	<u>Year Ended April 30, 2022</u>
Revenues and Transfers				
Program Revenues				
Charges for services	\$ 283,154	\$ 2,809,717	\$ 3,092,871	\$ 3,035,395
Operating grants and contributions	303,481	6,000	309,481	143,896
Capital grants and contributions	955,120	-	955,120	-
General Revenues				
Ad valorem taxes	886,243	-	886,243	889,561
Sales taxes	1,192,148	-	1,192,148	1,099,556
Motor vehicle and gas taxes	384,266	-	384,266	325,285
Franchise fees	560,142	-	560,142	455,288
Interest	2,549	2,660	5,209	846
Other revenue	43,812	-	43,812	17,430
Transfers	(399,442)	399,442	-	-
Total Revenues and Transfers	<u>4,211,473</u>	<u>3,217,819</u>	<u>7,429,292</u>	<u>5,967,257</u>
Expenses				
Administrative	404,341	-	404,341	266,111
Police	1,270,058	-	1,270,058	1,235,701
Municipal court	45,622	-	45,622	45,903
Planning and zoning	1,984	-	1,984	3,528
Building inspector	28,369	-	28,369	30,794
Community service	22,050	-	22,050	21,000
Street	950,466	-	950,466	1,125,831
Parks	312,690	-	312,690	485,164
Non-departmental	254,880	-	254,880	-
Debt service	48,877	-	48,877	126,295
Water	-	1,278,714	1,278,714	1,421,114
Sewer	-	1,587,155	1,587,155	1,741,850
Total Expenses	<u>3,339,337</u>	<u>2,865,869</u>	<u>6,205,206</u>	<u>6,503,291</u>
<i>Change in Net Position</i>	<u>\$ 872,136</u>	<u>\$ 351,950</u>	<u>\$ 1,224,086</u>	<u>\$ (536,034)</u>

City of Carl Junction

Management's Discussion and Analysis

April 30, 2023

Governmental Activities

Governmental activities increased the net position of the City by \$872,136. Tax revenues for the City were \$3,022,799, which represents 72% of the funding of these activities. Program revenues for the functions totaled \$1,541,755, or 37% 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	\$ 404,341	\$ 184,529
Police	1,270,058	1,149,416
Municipal court	45,622	45,622
Planning and zoning	1,984	1,984
Building inspector	28,369	950
Community service	22,050	(22,337)
Street	950,466	807,166
Parks	312,690	309,612
Non-departmental	254,880	(728,237)
Interest and fiscal charges	48,877	48,877
	<u>\$ 3,339,337</u>	<u>\$ 1,797,582</u>

Business-Type Activities

Business-type activities increased the City's net position by \$351,950. Last year the business-type activities decreased net position by \$516,082.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of April 30, 2023, were \$4,225,975. The General Fund decreased by \$225,488. The Street Fund increased by \$415,021. The Park Fund increased by \$182,087. The Capital Improvement Sales Tax Fund increased by \$239,690. The ARPA Fund increased by \$125. The Debt Service Fund decreased by \$30,744.

General Fund Budgetary Highlights

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

- The original revenue budget was \$1,806,580 compared to \$2,296,519 of actual revenues.
- The original expenditures budget was \$1,700,502 compared to \$1,744,947 of actual expenditures.

City of Carl Junction

Management's Discussion and Analysis

April 30, 2023

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$20,261,889 (net of accumulated depreciation) as of April 30, 2023. This represents a \$264,434 decrease from the prior year primarily due to depreciation. Capital assets for business-type activities were \$14,974,549 as of April 30, 2023. This represents a decrease of \$662,876 primarily due to depreciation.

Debt

Debt of the governmental activities as of April 30, 2023, consists of \$1,960,000 in outstanding principal of Series 2022 General Obligation Refunding Bonds.

Debt of the business-type activities as of April 30, 2023, consists of outstanding principal of \$2,241,875 of Series 2023 MAMU financing and \$1,265,600 of Series 2013 Revenue Bonds.

Economic Factors and Next Year's Budget

General Fund Revenue for fiscal year 2023-2024 is projected to be flat or a very small increase. Offsetting any increases in gross receipts will be a continued reduction in court fines collected as past legislation continues to make an impact on these revenues. Missouri State Auditor continues to keep revenue growth in check even with a positive growth in assessed value.

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 2nd 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, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 1,655,146	\$ 2,221,497	\$ 3,876,643
Investments	163,059	130,847	293,906
Taxes receivable	331,374	-	331,374
Utilities receivable, net	-	206,943	206,943
Interest receivable	11,440	-	11,440
Other receivable	4,850	-	4,850
Prepaid expenses	13,751	11,697	25,448
Noncurrent			
Restricted cash and cash equivalents	3,029,325	2,848,443	5,877,768
Lease receivable - noncurrent	626,855	-	626,855
Net pension asset	206,561	141,779	348,340
Capital Assets			
Non-depreciable	611,151	242,000	853,151
Depreciable, net	19,650,738	14,732,549	34,383,287
Total Assets	26,304,250	20,535,755	46,840,005
Deferred Outflow of Resources			
Deferred pension outflows	125,902	135,007	260,909

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Net Position

April 30, 2023

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current			
Accounts payable	181,522	25,381	206,903
Accrued expenses	19,358	10,386	29,744
Deposits payable	-	214,211	214,211
Unearned revenue	658,619	-	658,619
Current portion of long-term debt	345,000	166,625	511,625
	1,204,499	416,603	1,621,102
Noncurrent			
Compensated absences	58,710	16,208	74,918
General obligation bonds, net	1,748,301	-	1,748,301
Revenue bonds payable	-	1,169,200	1,169,200
Financed purchases	-	2,171,650	2,171,650
	1,807,011	3,357,058	5,164,069
Total Liabilities	3,011,510	3,773,661	6,785,171
Deferred Inflow of Resources			
Deferred pension inflows	97,551	183,879	281,430
Deferred lease inflows	623,389	-	623,389
Total Deferred Inflow of Resources	720,940	183,879	904,819
Net Position			
Net investment in capital assets	18,168,588	13,708,949	31,877,537
Restricted	2,352,731	408,368	2,761,099
Unrestricted	2,176,383	2,595,905	4,772,288
Total Net Position	\$ 22,697,702	\$ 16,713,222	\$ 39,410,924

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Activities

Year Ended April 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (404,341)	\$ 219,812	\$ -	\$ -	\$ (184,529)	\$ -	\$ (184,529)
Police	(1,270,058)	21,851	98,791	-	(1,149,416)	-	(1,149,416)
Municipal court	(45,622)	-	-	-	(45,622)	-	(45,622)
Planning and zoning	(1,984)	-	-	-	(1,984)	-	(1,984)
Building inspector	(28,369)	27,419	-	-	(950)	-	(950)
Community service	(22,050)	10,994	33,393	-	22,337	-	22,337
Street	(950,466)	-	-	143,300	(807,166)	-	(807,166)
Parks	(312,690)	3,078	-	-	(309,612)	-	(309,612)
Non-departmental	(254,880)	-	171,297	811,820	728,237	-	728,237
Interest and fiscal charges	(48,877)	-	-	-	(48,877)	-	(48,877)
Total Governmental Activities	(3,339,337)	283,154	303,481	955,120	(1,797,582)	-	(1,797,582)
Business-type activities							
Water	(1,278,714)	1,371,030	-	-	-	92,316	92,316
Sewer	(1,587,155)	1,438,687	6,000	-	-	(142,468)	(142,468)
Total Business-Type Activities	(2,865,869)	2,809,717	6,000	-	-	(50,152)	(50,152)
Total Government	\$ (6,205,206)	\$ 3,092,871	\$ 309,481	\$ 955,120	(1,797,582)	(50,152)	(1,847,734)
General Revenues							
Ad valorem taxes					886,243	-	886,243
Sales taxes					1,192,148	-	1,192,148
Motor vehicle taxes					384,266	-	384,266
Franchise fees					560,142	-	560,142
Interest					2,549	2,660	5,209
Miscellaneous					43,812	-	43,812
Transfers					(399,442)	399,442	-
Total General Revenues and Transfers					2,669,718	402,102	3,071,820
<i>Changes in Net Position</i>					872,136	351,950	1,224,086
Net Position, Beginning of year					21,825,566	16,361,272	38,186,838
Net Position, End of year					\$ 22,697,702	\$ 16,713,222	\$ 39,410,924

See accompanying Notes to the Financial Statements.

City of Carl Junction

Balance Sheet – Governmental Funds

April 30, 2023

	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	\$ 1,655,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,655,146
Investments	163,059	-	-	-	-	-	163,059
Ad valorem taxes receivable, net	69,062	-	-	-	-	58,363	127,425
Sales taxes receivable	98,868	54,501	25,290	25,290	-	-	203,949
Long-term lease receivable	626,855	-	-	-	-	-	626,855
Interest receivable	11,440	-	-	-	-	-	11,440
Other receivables	4,850	-	-	-	-	-	4,850
Prepaid expenses	12,396	1,275	80	-	-	-	13,751
Restricted cash and cash equivalents	26,171	854,668	289,076	594,686	747,473	517,251	3,029,325
Total Assets	<u>\$ 2,667,847</u>	<u>\$ 910,444</u>	<u>\$ 314,446</u>	<u>\$ 619,976</u>	<u>\$ 747,473</u>	<u>\$ 575,614</u>	<u>\$ 5,835,800</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 59,349	\$ 5,928	\$ 479	\$ 27,075	\$ 88,691	\$ -	\$ 181,522
Accrued expenses	19,358	-	-	-	-	-	19,358
Unearned revenue	-	-	-	-	658,619	-	658,619
Total Liabilities	<u>78,707</u>	<u>5,928</u>	<u>479</u>	<u>27,075</u>	<u>747,310</u>	<u>-</u>	<u>859,499</u>
Deferred Inflows of Resources							
Tax revenue	68,781	-	-	-	-	58,156	126,937
Leases	623,389	-	-	-	-	-	623,389
Total Deferred Inflows of Resources	<u>692,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,156</u>	<u>750,326</u>
Fund Balances							
Nonspendable							
Prepaid expenses	12,396	1,275	80	-	-	-	13,751
Restricted for							
Debt service	-	-	-	-	-	517,458	517,458
Building deposits	5,250	-	-	-	-	-	5,250
Shop with a cop	19,831	-	-	-	-	-	19,831
Streets	-	903,241	-	-	-	-	903,241
Parks	-	-	313,887	-	-	-	313,887
Capital improvements	-	-	-	592,901	-	-	592,901
Pandemic recovery	-	-	-	-	163	-	163
Committed to capital improvements	260,295	-	-	-	-	-	260,295
Unassigned	1,599,198	-	-	-	-	-	1,599,198
Total Fund Balances	<u>1,896,970</u>	<u>904,516</u>	<u>313,967</u>	<u>592,901</u>	<u>163</u>	<u>517,458</u>	<u>4,225,975</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,667,847</u>	<u>\$ 910,444</u>	<u>\$ 314,446</u>	<u>\$ 619,976</u>	<u>\$ 747,473</u>	<u>\$ 575,614</u>	<u>\$ 5,835,800</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, 2023

Fund balance - total governmental funds	\$ 4,225,975
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	38,443,508
Less accumulated depreciation	<u>(18,181,619)</u>
	20,261,889
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	206,561
Deferred outflows due to pension	125,902
Deferred inflows due to pension	<u>(97,551)</u>
	234,912
Compensated absences are not accrued in the governmental funds, but rather are recognized as an expenditure when paid	(58,710)
Unavailable tax revenues are not available to pay for current period expenditures and, therefore, are not recognized as unavailable in the funds	126,937
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(2,093,301)</u>
Net Position of Governmental Activities	<u><u>\$ 22,697,702</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, 2023

	Special Revenue Funds					Debt Service Fund	Total Governmental Funds
	General Fund	Street Fund	Park Fund	Capital Improvement Fund	ARPA Fund		
Revenues							
Taxes	\$ 1,734,744	\$ 561,878	\$ 177,822	\$ 177,612	\$ -	\$ 369,085	\$ 3,021,141
Licenses and permits	88,042	-	-	-	-	-	88,042
Intergovernmental revenues	242,091	-	-	9,412	973,705	-	1,225,208
Charges for services	133,298	-	3,078	-	-	-	136,376
Fines and forfeitures	58,736	-	-	-	-	-	58,736
Miscellaneous	39,608	5,423	1,946	338	125	476	47,916
Total Revenues	2,296,519	567,301	182,846	187,362	973,830	369,561	4,577,419
Expenditures							
Current							
Administrative	284,871	-	-	-	-	-	284,871
Police	1,213,069	-	-	-	-	-	1,213,069
Municipal court	45,366	-	-	-	-	-	45,366
Planning and zoning	1,984	-	-	-	-	-	1,984
Building inspector	28,369	-	-	-	-	-	28,369
Community service	22,050	-	-	-	-	-	22,050
Street	-	289,205	-	-	-	-	289,205
Parks	-	-	107,079	-	-	-	107,079
Non-departmental improvements	-	-	-	92,994	161,886	-	254,880
Capital outlay	86,979	20,889	-	-	811,819	-	919,687
Debt service							
Principal, interest and fees	62,259	-	-	-	-	400,305	462,564
Total Expenditures	1,744,947	310,094	107,079	92,994	973,705	400,305	3,629,124
<i>Excess (Deficit) of Revenues Over Expenditures</i>	551,572	257,207	75,767	94,368	125	(30,744)	948,295
Other Financing Sources (Uses)							
Lease income	31,838	-	-	-	-	-	31,838
Operating transfers in (out)	(808,898)	157,814	106,320	145,322	-	-	(399,442)
<i>Net Change in Fund Balances</i>	(225,488)	415,021	182,087	239,690	125	(30,744)	580,691
Fund Balance, May 1	2,122,458	489,495	131,880	353,211	38	548,202	3,645,284
Fund Balance, April 30	\$ 1,896,970	\$ 904,516	\$ 313,967	\$ 592,901	\$ 163	\$ 517,458	\$ 4,225,975

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, 2023

Net change in fund balances - total governmental funds	\$	580,691
--	----	---------

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		919,687
Depreciation		(1,135,777)
		(216,090)

(Loss) on capital assets disposed		(48,344)
-----------------------------------	--	----------

Some revenues reported in the governmental funds represent current financial resources and are recognized in the Statement of Activities when earned.		1,658
---	--	-------

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		134,972
Change in compensated absences		5,562
		140,534

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		386,108
Premium on debt issuance		27,579
		413,687
Change in Net Position of Governmental Activities		\$ 872,136

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Net Position – Proprietary Funds

April 30, 2023

	Enterprise Funds		
	Waterworks System Fund	Wastewater System Fund	Total
	Assets		
Current Assets			
Cash and cash equivalents	\$ 809,526	\$ 1,411,971	\$ 2,221,497
Investments	125,000	5,847	130,847
Utilities receivable, net	102,494	104,449	206,943
Prepaid expenses	4,335	7,362	11,697
Total Current Assets	1,041,355	1,529,629	2,570,984
Restricted Assets			
Cash and cash equivalents	2,440,075	408,368	2,848,443
Property, Plant and Equipment			
Non-depreciable	92,000	150,000	242,000
Depreciable, net	5,210,809	9,521,740	14,732,549
Total Property, Plant, and Equipment	5,302,809	9,671,740	14,974,549
Net Pension Asset	64,600	77,179	141,779
Total Assets	8,848,839	11,686,916	20,535,755
Deferred Outflow of Resources			
Deferred Pension Outflows	70,684	64,323	135,007

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Net Position – Proprietary Funds

April 30, 2023

	Enterprise Funds		
	Waterworks System Fund	Wastewater System Fund	Total
Liabilities			
Current Liabilities			
Accounts payable	12,350	13,031	25,381
Accrued expenses	5,187	5,199	10,386
Utility deposits	214,211	-	214,211
Current maturities of long-term debt	70,225	96,400	166,625
Total Current Liabilities	301,973	114,630	416,603
Long-Term Liabilities			
Compensated absences payable	8,104	8,104	16,208
Revenue bonds	-	1,169,200	1,169,200
Financed purchases	2,171,650	-	2,171,650
Total Long-Term Liabilities	2,179,754	1,177,304	3,357,058
Total Liabilities	2,481,727	1,291,934	3,773,661
Deferred Inflow of Resources			
Deferred Pension Inflows	79,631	104,248	183,879
Net Position			
Net Investment in Capital Assets	5,302,809	8,406,140	13,708,949
Restricted	-	408,368	408,368
Unrestricted	1,055,356	1,540,549	2,595,905
Total Net Position	\$ 6,358,165	\$ 10,355,057	\$ 16,713,222

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, 2023

	Enterprise Funds		
	Waterworks System Fund	Wastewater System Fund	Total
	Operating Revenues		
Charges for services	\$ 1,358,785	\$ 1,405,444	\$ 2,764,229
Miscellaneous	12,245	33,243	45,488
Total Operating Revenues	1,371,030	1,438,687	2,809,717
Operating Expenses			
Salaries and wages	299,503	258,068	557,571
Employee benefits	16,802	20,075	36,877
Gas and oil	12,672	12,672	25,344
Materials and supplies	15,474	12,013	27,487
Insurance	26,793	41,948	68,741
Telephone and utilities	166,308	97,744	264,052
Repairs and maintenance	291,557	301,121	592,678
Professional fees	18,370	122,511	140,881
Depreciation	382,062	614,397	996,459
Administrative	41,476	41,662	83,138
Other expenses	5,937	19,581	25,518
Total Operating Expenses	1,276,954	1,541,792	2,818,746
<i>Operating Income (Loss)</i>	94,076	(103,105)	(9,029)
Nonoperating Revenues (Expenses)			
Operating grants	-	6,000	6,000
(Loss) on disposal of capital assets	(1,760)	(494)	(2,254)
Interest income	1,511	1,149	2,660
Interest and fees expense	(16,476)	(28,393)	(44,869)
Total Nonoperating Revenues (Expenses)	(16,725)	(21,738)	(38,463)
<i>Income (Loss) Before Operating Transfers</i>	77,351	(124,843)	(47,492)
Operating Transfers In	105,038	294,404	399,442
<i>Net Income (Loss)</i>	182,389	169,561	351,950
Net Position, May 1	6,175,776	10,185,496	16,361,272
Net Position, April 30	\$ 6,358,165	\$ 10,355,057	\$ 16,713,222

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Cash Flows – Proprietary Funds

Year Ended April 30, 2023

	Enterprise Funds		Total
	Waterworks System Fund	Wastewater System Fund	
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,369,694	\$ 1,432,481	\$ 2,802,175
Cash paid to suppliers	(582,066)	(770,906)	(1,352,972)
Cash paid to employees	(420,519)	(363,950)	(784,469)
Net Cash Provided by Operating Activities	<u>367,109</u>	<u>297,625</u>	<u>664,734</u>
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	105,038	294,404	399,442
Operating grants	-	6,000	6,000
Net Cash Provided by Noncapital Financing	<u>105,038</u>	<u>300,404</u>	<u>405,442</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets, net	(20,889)	(314,948)	(335,837)
Proceeds from issuance of new debt	2,241,875	-	2,241,875
Payment of bond principal	-	(94,500)	(94,500)
Payment of interest and fees	(16,476)	(28,393)	(44,869)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2,204,510</u>	<u>(437,841)</u>	<u>1,766,669</u>
Cash Flows from Investing Activities			
Interest received	1,511	1,149	2,660
Net Cash Provided by Investing Activities	<u>1,511</u>	<u>1,149</u>	<u>2,660</u>
<i>Net Increase in Cash and Cash Equivalents</i>	2,678,168	161,337	2,839,505
Cash and Cash Equivalents, Beginning of year	571,433	1,659,002	2,230,435
Cash and Cash Equivalents, End of year	<u>3,249,601</u>	<u>1,820,339</u>	<u>5,069,940</u>
Less Restricted Cash and Cash Equivalents	2,440,075	408,368	2,848,443
Unrestricted Cash and Cash Equivalents	<u>\$ 809,526</u>	<u>\$ 1,411,971</u>	<u>\$ 2,221,497</u>

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Cash Flows – Proprietary Funds

Year Ended April 30, 2023

	Enterprise Funds		
	Waterworks System Fund	Wastewater System Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ 94,076	\$ (103,105)	\$ (9,029)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	382,062	614,397	996,459
(Increase) decrease in			
Utilities receivable	(7,321)	(6,206)	(13,527)
Prepaid expenses	(307)	(480)	(787)
Net pension asset	69,182	56,603	125,785
Deferred pension outflow	(34,988)	(28,627)	(63,615)
Increase (decrease) in			
Accounts payable	(3,172)	(121,174)	(124,346)
Accrued expenses	(2,049)	(2,041)	(4,090)
Meter deposits payable	5,985	-	5,985
Deferred pension inflow	(135,395)	(110,778)	(246,173)
Compensated absences payable	(964)	(964)	(1,928)
Net Cash Provided by Operating Activities	<u>\$ 367,109</u>	<u>\$ 297,625</u>	<u>\$ 664,734</u>

See accompanying Notes to the Financial Statements.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

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.

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.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

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.

Adoption of New Accounting Standard

Effective May 1, 2022, the City adopted the provisions of GASB Statement No. 87 – *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognizes inflows or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all investments with an original maturity of three months or less to be a cash equivalent.

Investments

Investments consist of non-negotiable certificates of deposit which are recorded at cost.

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 one year. 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.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

Unearned Revenue

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

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 items that qualify for reporting in this category are deferred pension inflows relating to the retirement plan on the Statement of Net Position, the portion of property taxes collectible that are in excess of three months reported on the Balance Sheet, and deferred inflows relating to leases reported on both the Statement of Net Position and the Balance Sheet. 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.

Leases

The City is a lessor for a lease of tower and ground space. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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, 2023

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.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

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, 2023, all bank balances on deposit are entirely insured or collateralized.

3. Investments

Investments of the City as of April 30, 2023, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Total</u>
Certificates of Deposit	5/31/2023 - 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, 2023, 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, 2023

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	\$ 19,831	\$ 19,831
Court Bonds	1,090	-
Building Deposits	5,250	5,250
	26,171	25,081
Street Fund		
Sales Tax	854,668	903,241
Park Fund		
Sales Tax	289,076	313,887
Capital Improvement Fund		
Sales Tax	594,686	592,901
ARPA Fund		
Pandemic recovery	747,473	163
Debt Service Fund		
Debt Service	517,251	517,458
	\$ 3,029,325	\$ 2,352,731
Waterworks System Fund		
Water Deposits	\$ 214,211	\$ -
Unspent project proceeds	2,225,864	-
	2,440,075	-
Wastewater System Fund		
Bond reserves	408,368	408,368
	\$ 2,848,443	\$ 408,368

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

5. Accounts Receivable

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

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net Accounts Receivable</u>
Property Taxes Receivable			
<i>Governmental Funds</i>			
General Fund	\$ 76,787	\$ (7,725)	\$ 69,062
Debt Service Fund	64,848	(6,485)	58,363
	<u>\$ 141,635</u>	<u>\$ (14,210)</u>	<u>\$ 127,425</u>
Utilities Receivable			
<i>Enterprise Funds</i>			
Waterworks System Fund	\$ 105,664	\$ (3,170)	\$ 102,494
Wastewater System Fund	107,679	(3,230)	104,449
	<u>\$ 213,343</u>	<u>\$ (6,400)</u>	<u>\$ 206,943</u>

6. Leases Receivable

The City leases tower and ground space to a third party, as a lessor. Payments are fixed and payable monthly. During the year ended April 30, 2023, the City recognized \$4,877 and \$26,961 in lease revenue and lease interest, respectively. The current agreement expires on February 28, 2026, with the new agreement beginning on March 1, 2026. The new agreement renews automatically on March 1, 2031 with twenty (20) additional terms of five (5) years each. The lessee has the unilateral right to terminate the lease at any time by giving written notice. Monthly rent payments, including interest, are currently \$1,411, will increase to \$1,450 on March 1, 2026, and will incur a 10% increase each renewal period. The discount rate is assumed to be 4.27%. The total leases receivable balance and corresponding deferred lease inflow balance at April 30, 2023, was \$626,855 and \$623,389, respectively.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

7. Capital Assets

Capital asset activity for the year ended April 30, 2023, was as follows:

	Balance April 30, 2022	Additions	Deletions	Balance April 30, 2023
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 547,422	\$ -	\$ -	\$ 547,422
Construction in progress	-	63,729	-	63,729
Total Non-depreciable Capital Assets	547,422	\$ 63,729	\$ -	611,151
Depreciable Capital Assets				
Buildings	17,329,651	\$ -	\$ 138,494	17,191,157
Improvements	987,861	269,055	-	1,256,916
Machinery and equipment	1,330,353	788,012	41,185	2,077,180
Vehicles	313,158	67,946	-	381,104
Infrastructure	17,195,055	-	269,055	16,926,000
Total Depreciable Capital Assets	37,156,078	\$ 1,125,013	\$ 448,734	37,832,357
Less Accumulated Depreciation				
Buildings	8,587,095	\$ 342,351	\$ 97,648	8,831,798
Improvements	165,221	61,545	-	226,766
Machinery and equipment	793,738	90,752	33,687	850,803
Vehicles	125,269	51,808	-	177,077
Infrastructure	7,505,854	589,321	-	8,095,175
Total Accumulated Depreciation	17,177,177	\$ 1,135,777	\$ 131,335	18,181,619
Total Depreciable Capital Assets, net	19,978,901			19,650,738
Total Governmental Activities Capital Assets, net	\$ 20,526,323			\$ 20,261,889

Depreciation expense was charged to functions as follows:

Administrative	\$ 150,542
Police	131,715
Parks	157,267
Street	696,253
	\$ 1,135,777

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

	Balance April 30, 2022	Additions	Deletions	Balance April 30, 2023
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	2,233,117	20,889	-	2,254,006
Vehicles	147,218	-	18,850	128,368
Infrastructure	7,039,440	-	-	7,039,440
	<u>15,496,104</u>	<u>\$ 20,889</u>	<u>\$ 18,850</u>	<u>15,498,143</u>
Less Accumulated Depreciation	<u>9,922,362</u>	<u>\$ 382,062</u>	<u>\$ 17,090</u>	<u>10,287,334</u>
Total Depreciable Capital Assets, net	5,573,742			5,210,809
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	593,904	20,889	-	614,793
Vehicles	152,620	-	20,500	132,120
Infrastructure	9,004,996	294,059	-	9,299,055
	<u>26,696,888</u>	<u>\$ 314,948</u>	<u>\$ 20,500</u>	<u>26,991,336</u>
Less Accumulated Depreciation	<u>16,875,205</u>	<u>614,397</u>	<u>\$ 20,006</u>	<u>17,469,596</u>
Total Depreciable Capital Assets, net	9,821,683			9,521,740
Total Capital Assets - Business - Type Activities, net	<u>\$ 15,637,425</u>			<u>\$ 14,974,549</u>

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

8. 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, 2023, are as follows:

Year Ending April 30,	Principal	Interest	Total
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>\$ 1,960,000</u>	<u>\$ 183,750</u>	<u>\$ 2,143,750</u>

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

	Balance April 30, 2022	Additions	Retirements	Balance April 30, 2023	Amounts Due Within One Year
General Obligation Bonds					
Series 2022 Refunding	\$ 2,285,000	\$ -	\$ 325,000	\$ 1,960,000	\$ 345,000
Plus: Premium on G.O. Bonds	160,880	-	27,579	133,301	-
	<u>2,445,880</u>	-	<u>352,579</u>	<u>2,093,301</u>	<u>345,000</u>
Direct Borrowing					
Police Equipment Lease	61,108	-	61,108	-	-
Compensated Absences	64,272	-	5,562	58,710	-
	<u>\$ 2,571,260</u>	<u>\$ -</u>	<u>\$ 419,249</u>	<u>\$ 2,152,011</u>	<u>\$ 345,000</u>

9. Long-Term Debt – Business-Type Activities

Waterworks System Fund

Series 2023 MAMU Agreement

During the year ended April 30, 2023, the City entered into an agreement with the Missouri Association of Municipal Utilities (MAMU) in order to provide funding for the purpose of providing improvements to the City's water distribution system. The original principal amount of the issue was \$2,241,875 and requires semi-annual payments of \$86,261 each, which includes interest at 4.27%.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

In the event of default, the lender may take immediate possession of the Project, demand payment, or sell or lease the lender's interest in the Project. The annual debt service requirements to maturity for this obligation are as follows:

Year Ending April 30,	Principal	Interest	Total
2024	\$ 70,225	\$ 97,376	\$ 167,601
2025	74,523	93,225	167,748
2026	77,900	89,962	167,862
2027	81,430	86,552	167,982
2028	84,887	83,212	168,099
2029	88,967	79,271	168,238
2030	92,999	75,376	168,375
2031	97,213	71,305	168,518
2032	101,431	67,230	168,661
2033	106,215	62,608	168,823
2034	111,028	57,959	168,987
2035	116,059	53,098	169,157
2036	121,186	48,145	169,331
2037	126,810	42,712	169,522
2038	132,557	37,160	169,717
2039	138,564	31,357	169,921
2040	144,776	25,356	170,132
2041	151,403	18,953	170,356
2042	158,265	12,325	170,590
2043	165,437	5,397	170,834
	<u>\$ 2,241,875</u>	<u>\$ 1,138,579</u>	<u>\$ 3,380,454</u>

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

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

then outstanding to be due and payable immediately. The annual debt service requirements to maturity for these bonds are as follows:

Year Ending April 30,	Principal	Interest	Total
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>\$ 1,265,600</u>	<u>\$ 122,968</u>	<u>\$ 1,388,568</u>

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

	Balance April 30, 2022	Additions	Retirements	Balance April 30, 2023	Amounts Due Within One Year
Waterworks System Fund					
Direct Borrowing					
Series 2023 MAMU	\$ -	\$ 2,241,875	\$ -	\$ 2,241,875	\$ 70,225
Compensated Absences	9,068	-	964	8,104	-
	<u>9,068</u>	<u>2,241,875</u>	<u>964</u>	<u>2,249,979</u>	<u>70,225</u>
Wastewater System Fund					
Series 2013 Revenue Bonds	1,360,100	-	94,500	1,265,600	96,400
Compensated Absences	9,068	-	964	8,104	-
	<u>1,369,168</u>	<u>-</u>	<u>95,464</u>	<u>1,273,704</u>	<u>96,400</u>
	<u>\$ 1,378,236</u>	<u>\$ 2,241,875</u>	<u>\$ 96,428</u>	<u>\$ 3,523,683</u>	<u>\$ 166,625</u>

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

10. 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:

	2022
Assessed Valuation	
Real estate	\$ 84,566,411
Personal property	27,694,884
	\$ 112,261,295
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$ 0.4662
Debt Service Fund	0.3436
	\$ 0.8098

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

	General Obligations Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 11,226,130	\$ 11,226,130	\$ 22,452,260
General Obligation Bonds Payable	(1,960,000)	-	(1,960,000)
Amount Available in Debt Service Fund	517,458	-	517,458
Legal Debt Margin	\$ 9,783,588	\$ 11,226,130	\$ 21,009,718

(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.

11. 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

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

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.

	2022 Valuation
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, 2022, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	General	Police
Inactive employees or beneficiaries currently receiving benefits	14	7
Inactive employees entitled to but not yet receiving benefits	2	9
Active employees	15	9
	31	25

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 10.3% (General) and 11.0% (Police) of annual covered payroll.

Net Pension Asset. The employer’s net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2022.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

Actuarial Assumptions. The total pension liability in the February 28, 2022, 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, 2022, 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%

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.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

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	\$ 3,122,672	\$ 3,484,245	\$ (361,573)
Changes for the year			
Service Cost	83,636	-	83,636
Interest on total pension liability	211,329	-	211,329
Difference between expected and actual experiences	112,595	-	112,595
Contributions - employer	-	84,229	(84,229)
Contributions - employee	-	29,131	(29,131)
Net investment income	-	2,654	(2,654)
Benefits paid, including refunds	(294,574)	(294,574)	-
Administrative expenses	-	(3,314)	3,314
Other (net transfer)	-	119,838	(119,838)
<i>Net changes</i>	<u>112,986</u>	<u>(62,036)</u>	<u>175,022</u>
Balances at end of year	3,235,658	3,422,209	(186,551)
Police Division			
Balance at beginning of year	1,522,931	1,775,717	(252,786)
Changes for the year			
Service Cost	56,990	-	56,990
Interest on total pension liability	105,882	-	105,882
Difference between expected and actual experiences	35,369	-	35,369
Contributions - employer	-	48,153	(48,153)
Contributions - employee	-	17,111	(17,111)
Net investment income	-	1,918	(1,918)
Benefits paid, including refunds	(78,003)	(78,003)	-
Administrative expenses	-	(2,321)	2,321
Other (net transfer)	-	42,383	(42,383)
<i>Net changes</i>	<u>120,238</u>	<u>29,241</u>	<u>90,997</u>
Balances at end of year	1,643,169	1,804,958	(161,789)
Total Plan Balances at End of Year	<u><u>\$ 4,878,827</u></u>	<u><u>\$ 5,227,167</u></u>	<u><u>\$ (348,340)</u></u>

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

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

Governmental Activities	\$ (206,561)
Business-Type Activities	
Electric Fund	(64,600)
Water Fund	(77,179)
	(141,779)
	\$ (348,340)

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 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 3,664,141	\$ 3,235,658	\$ 2,877,865
Fiduciary Net Position	3,422,209	3,422,209	3,422,209
Net Pension Liability (Asset)	241,932	(186,551)	(544,344)
Police Division			
Total Pension Liability	1,926,690	1,643,169	1,415,282
Fiduciary Net Position	1,804,958	1,804,958	1,804,958
Net Pension Liability (Asset)	121,732	(161,789)	(389,676)
Total Net Pension Liability (Asset)	\$ 363,664	\$ (348,340)	\$ (934,020)

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

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

For the year ended April 30, 2023, the employer recognized pension credits of \$167,771 in the general division and \$25,661 in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
General Division			
Differences between expected and actual experience	\$ 109,164	\$ (116,996)	\$ (7,832)
Assumption changes	-	(44,737)	(44,737)
Net difference between projected and actual earnings on pension plan investments	-	(80,213)	(80,213)
Contributions subsequent to the measurement date*	68,476	-	68,476
	<u>177,640</u>	<u>(241,946)</u>	<u>(64,306)</u>
Police Division			
Differences between expected and actual experience	40,788	(2,209)	38,579
Assumption changes	3,964	-	3,964
Net difference between projected and actual earnings on pension plan investments	-	(37,275)	(37,275)
Contributions subsequent to the measurement date*	38,517	-	38,517
	<u>83,269</u>	<u>(39,484)</u>	<u>43,785</u>
	<u>\$ 260,909</u>	<u>\$ (281,430)</u>	<u>\$ (20,521)</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
Governmental Activities	\$ 125,902	\$ (97,551)	\$ 28,351
Business-Type Activities			
Electric Fund	70,684	(79,631)	(8,947)
Water Fund	64,323	(104,248)	(39,925)
	<u>135,007</u>	<u>(183,879)</u>	<u>(48,872)</u>
	<u>\$ 260,909</u>	<u>\$ (281,430)</u>	<u>\$ (20,521)</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, 2024.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

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
2024	\$ (50,331)	\$ 1,526	\$ (48,805)
2025	(45,440)	207	(45,233)
2026	(76,262)	(22,704)	(98,966)
2027	30,786	26,239	57,025
2028	8,465	-	8,465
	<u>\$ (132,782)</u>	<u>\$ 5,268</u>	<u>\$ (127,514)</u>

Payable to the Pension Plan

At April 30, 2023, the City had no outstanding amounts of contributions payable to the pension plan.

12. 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.

13. 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, 2023, 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.

14. Pledged Revenues

Wastewater System Fund

The City has pledged future sewer customer revenues to repay the Series 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 \$1,388,568. Principal and interest paid for the current year and total customer net revenues were \$115,219 and \$511,292, respectively.

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

15. Interfund Transfers

Transfers between funds of the City for the year ended April 30, 2023, were as follows:

	<u>Net Transfers In</u>	<u>Net Transfers Out</u>
General Fund	\$ -	\$ 808,898
Street Fund	157,814	-
Park Fund	106,320	-
Capital Improvement Fund	145,322	-
Waterworks System Fund	105,038	-
Wastewater System Fund	294,404	-
	<u>\$ 808,898</u>	<u>\$ 808,898</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.

16. Deferred Taxes

Revenue has not been realized for receivables not expected to be collected within three months of year end, but are expected to be collectible. Deferred taxes as of April 30, 2023 are \$126,937.

17. Restatement

Leases receivable and deferred inflows of resources related to leases have been restated as of May 1, 2022 to accurately reflect the adoption of GASB Statement No. 87 – *Leases*. Net position and fund balance were not affected by the restatement.

General Fund

Fund Balance, as previously stated, April 30, 2022	\$ 2,122,458
Long-term leases receivable	628,266
Deferred lease inflows	(628,266)
Fund Balance, as restated, May 1, 2022	<u>\$ 2,122,458</u>

Governmental Activities

Net Position, as previously stated, April 30, 2022	\$ 21,825,566
Long-term leases receivable	628,266
Deferred lease inflows	(628,266)
Net Position, as restated, May 1, 2022	<u>\$ 21,825,566</u>

City of Carl Junction

Notes to the Financial Statements

April 30, 2023

18. Unearned Revenue

Unearned revenue consists of revenues received but not considered earned until the eligibility requirements have been met. At April 30, 2023, these unearned revenues include unspent grant proceeds in the amount of \$658,619.

19. Commitments

As of April 30, 2023, the City was committed to the following construction contracts:

- Joplin Industrial Electric Co., Inc. for the Frank Dean Ballpark lighting project in the amount of \$111,826.
- Capital Paving & Construction, LLC for street and sidewalk improvements in the amount of \$481,972.
- Joplin Industrial Electric Co., Inc. for the generator project in the amount of \$114,049.

Required Supplementary Information

City of Carl Junction

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

Year Ended April 30, 2023

Missouri Local Government Employees Retirement System (LAGERS)

	Year Ended April 30, 2023	Year Ended April 30, 2022	Year Ended April 30, 2021	Year Ended April 30, 2020	Year Ended April 30, 2019	Year Ended April 30, 2018	Year Ended April 30, 2017	Year Ended April 30, 2016
Total Pension Liability								
Service Cost	\$ 140,626	\$ 148,997	\$ 149,427	\$ 147,761	\$ 142,227	\$ 134,111	\$ 113,932	\$ 105,849
Interest on the Total Pension Liability	317,211	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	147,964	(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	(372,577)	(121,172)	(139,047)	(86,593)	(79,063)	(69,233)	(98,989)	(74,072)
<i>Net Change in Total Pension Liability</i>	233,224	136,257	378,040	329,365	292,868	256,712	636,017	264,118
Total Pension Liability, Beginning	4,645,603	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	4,878,827	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	132,382	142,276	135,925	140,813	138,203	125,755	96,338	104,892
Contributions - employee	46,242	51,312	56,556	49,735	48,249	46,577	43,066	44,363
Pension Plan Net Investment Income	4,572	1,138,811	50,862	256,089	381,753	328,598	(4,468)	49,120
Benefit Payments, including refunds	(372,577)	(121,172)	(139,047)	(86,593)	(79,063)	(69,233)	(98,989)	(74,072)
Pension Plan Administrative Expense	(5,635)	(5,034)	(6,859)	(6,280)	(4,184)	(3,878)	(3,871)	(4,008)
Other (net transfer)	162,221	(20,107)	(8,865)	27,032	11,450	7,409	15,511	39,568
<i>Net Change in Plan Fiduciary Net Position</i>	(32,795)	1,186,086	88,572	380,796	496,408	435,228	47,587	159,863
Plan Fiduciary Net Position, Beginning	5,259,962	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	5,227,167	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)	<u>\$ (348,340)</u>	<u>\$ (614,359)</u>	<u>\$ 435,470</u>	<u>\$ 146,002</u>	<u>\$ 197,433</u>	<u>\$ 400,973</u>	<u>\$ 579,489</u>	<u>\$ (8,941)</u>
Plan fiduciary net position as a percentage of the total pension liability	107.14%	113.22%	90.34%	96.47%	94.81%	88.57%	82.18%	100.34%
Covered payroll	\$ 1,029,522	\$ 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	-33.84%	-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, 2023

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 Payroll
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%
2023	125,716	125,716	-	1,189,100	10.57%

See accompanying Notes to the Schedule of Contributions.

City of Carl Junction

Notes to the Schedule of Contributions

Year Ended April 30, 2023

Valuation Date: February 28, 2022

Notes: The roll-forward of total pension liability from February 28, 2022, to June 30, 2022, 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 13 to 20 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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem taxes	\$ 450,000	\$ 450,000	\$ 517,158	\$ 67,158
Sales tax	505,000	505,000	657,444	152,444
Franchise taxes	458,000	458,000	560,142	102,142
	<u>1,413,000</u>	<u>1,413,000</u>	<u>1,734,744</u>	<u>321,744</u>
Licenses and Permits				
Occupational licenses	117,400	117,400	74,901	(42,499)
Other fees	13,500	13,500	13,141	(359)
	<u>130,900</u>	<u>130,900</u>	<u>88,042</u>	<u>(42,858)</u>
Intergovernmental Revenues				
Grants	75,000	75,000	242,091	167,091
Charges for Services				
Police services	620	620	1,528	908
Rent	45,200	45,200	47,280	2,080
Trash	75,000	75,000	84,490	9,490
	<u>120,820</u>	<u>120,820</u>	<u>133,298</u>	<u>12,478</u>
Fines and Forfeitures				
City court fines	66,100	66,100	58,736	(7,364)
Miscellaneous				
Interest	260	260	1,735	1,475
Donations	-	-	33,393	33,393
Other	500	500	4,480	3,980
	<u>760</u>	<u>760</u>	<u>39,608</u>	<u>38,848</u>
Total Revenues	<u>1,806,580</u>	<u>1,806,580</u>	<u>2,296,519</u>	<u>489,939</u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – General Fund

Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
Administrative	277,466	277,466	284,871	(7,405)
Police	1,186,742	1,211,284	1,213,069	(1,785)
Municipal court	47,437	47,437	45,366	2,071
Planning and zoning	3,360	3,360	1,984	1,376
Building inspector	49,141	49,141	28,369	20,772
Community service	-	-	22,050	(22,050)
Capital outlay	94,600	94,600	86,979	7,621
Debt service				
Principal, interest and fees	41,756	62,259	62,259	-
Total Expenditures	1,700,502	1,745,547	1,744,947	600
<i>Excess of Revenues Over Expenditures</i>	106,078	61,033	551,572	490,539
Other Financing Sources (Uses)				
Lease income	15,000	15,000	31,838	16,838
Operating transfers (out)	(44,700)	(44,700)	(808,898)	(764,198)
Total Other Financing Sources (Uses)	(29,700)	(29,700)	(777,060)	(747,360)
<i>Net Change in Fund Balance</i>	76,378	31,333	(225,488)	(256,821)
Fund Balance, May 1	2,122,458	2,122,458	2,122,458	-
Fund Balance, April 30	\$ 2,198,836	\$ 2,153,791	\$ 1,896,970	\$ (256,821)

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – Street Fund

Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales tax	\$ 145,000	\$ 145,000	\$ 177,612	\$ 32,612
Motor vehicle tax	303,500	303,500	384,266	80,766
	448,500	448,500	561,878	113,378
Miscellaneous				
Interest	125	125	469	344
Other	1,700	1,700	4,954	3,254
	1,825	1,825	5,423	3,598
Total Revenues	450,325	450,325	567,301	116,976
Expenditures				
Current				
Street	413,262	413,262	289,205	124,057
Capital outlay	25,000	25,000	20,889	4,111
Total Expenditures	438,262	438,262	310,094	128,168
<i>Excess of Revenues Over Expenditures</i>	12,063	12,063	257,207	245,144
Other Financing Sources				
Operating transfers in	-	-	157,814	157,814
<i>Net Change in Fund Balance</i>	12,063	12,063	415,021	402,958
Fund Balance, May 1	489,495	489,495	489,495	-
Fund Balance, April 30	\$ 501,558	\$ 501,558	\$ 904,516	\$ 402,958

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – Park Fund

Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales tax	\$ 127,700	\$ 127,700	\$ 177,822	\$ 50,122
Charges for Services				
Center activities	3,300	3,300	3,078	(222)
Miscellaneous				
Interest	-	-	142	142
Other	2,200	2,200	1,804	(396)
	2,200	2,200	1,946	(254)
Total Revenues	133,200	133,200	182,846	49,646
Expenditures				
Current				
Parks	81,408	81,408	107,079	(25,671)
Capital outlay	47,000	47,000	-	47,000
Total Expenditures	128,408	128,408	107,079	21,329
<i>Excess of Revenues Over Expenditures</i>	4,792	4,792	75,767	70,975
Other Financing Sources				
Operating transfers in	44,700	44,700	106,320	61,620
<i>Net Change in Fund Balance</i>	49,492	49,492	182,087	132,595
Fund Balance, May 1	131,880	131,880	131,880	-
Fund Balance, April 30	\$ 181,372	\$ 181,372	\$ 313,967	\$ 132,595

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – Capital Improvement Fund

Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales tax	\$ 140,000	\$ 140,000	\$ 177,612	\$ 37,612
Intergovernmental				
Grants	-	-	9,412	9,412
Miscellaneous				
Interest	75	75	338	263
Other	500	500	-	(500)
	575	575	338	(237)
Total Revenues	140,575	140,575	187,362	46,787
Expenditures				
Current				
Non-departmental improvements	50,000	101,000	92,994	8,006
Total Expenditures	50,000	101,000	92,994	8,006
<i>Excess (Deficit) of Revenues Over Expenditures</i>	90,575	39,575	94,368	54,793
Other Financing Sources				
Operating transfers in	90,000	90,000	145,322	55,322
<i>Net Change in Fund Balance</i>	180,575	129,575	239,690	110,115
Fund Balance, May 1	353,211	353,211	353,211	-
Fund Balance, April 30	\$ 533,786	\$ 482,786	\$ 592,901	\$ 110,115

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – ARPA Fund

Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental revenues				
Grants	\$ -	\$ -	\$ 973,705	\$ 973,705
Miscellaneous				
Interest	-	-	125	125
Total Revenues	-	-	973,830	973,830
Expenditures				
Current				
Non-department improvements	-	-	161,886	(161,886)
Capital outlay	-	-	811,819	(811,819)
Total Expenditures	-	-	973,705	(973,705)
<i>Excess of Revenues Over Expenditures</i>	-	-	125	125
Fund Balance, May 1	-	-	38	38
Fund Balance, April 30	\$ -	\$ -	\$ 163	\$ 163

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Notes to the Budgetary Comparison Schedules

Year Ended April 30, 2023

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, 2023, 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 1, 2023.

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 2023-001 that we consider to be a material weakness.

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
Springfield, Missouri
September 1, 2023

City of Carl Junction

Schedule of Findings and Responses

Year Ended April 30, 2023

Material Weakness

2023-001 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.



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

In planning and performing our audit of the basic financial statements of the City of Carl Junction, Missouri, for the year ended April 30, 2023, we considered the City's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the 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*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

In addition to the material weakness discussed in the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

1. Bank Accounts

The City currently maintains 27 bank accounts. Majority of the transactions into and out of these bank accounts are transfers between them. For the prevention of bank account fraud, all bank accounts should be reviewed at least annually, and bank accounts that are not frequently utilized should be either consolidate or eliminated.

We Recommend:

The City review all bank accounts, at least annually, and either consolidate or eliminate bank accounts that are not frequently utilized. We encourage the City to investigate the use of pooled cash in order to reduce the number of accounts and transfers. We further recommend that all transfers, wires, and ACHs are required to have two-party authorizations and that staff reconcile all transfers, wires, and ACHs on a daily basis.

2. Physical Security and Control over Inventory

During our audit, we noted that the City does not have a method to track usage of items held in inventory. The City does not maintain an inventory listing of physical inventory asset items on hand at year end. Since the value of supplies and tools used for the operation and maintenance of the City's utility operations can be a significant amount, implementing controls over inventory is an important tool to protect the City from losses due to theft and misuse of City assets.

We Recommend:

The City review and implement procedures for storing and safeguarding inventory items and assets. Further, we recommend the City take steps to implement a method for tracking inventory usage.

3. Budgetary Compliance

The City did not adopt a budget for the ARPA Fund and therefore was not in compliance with the budgetary statute, Chapter 67 RSMo. The budgetary statute requires governments to adopt a budget and prohibits actual expenditures exceeding budgeted expenditures for any fund of the City.

We Recommend:

The City adopt a budget for the ARPA Fund, and amend as necessary, in order to be in compliance with the budgetary statute (Chapter 67, RSMo).

4. New Pronouncements

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology agreements (SBITAs). It defines SBITA, establishes that a SBITA results in a right-to-use asset and corresponding subscription liability, provides capitalization criteria, and requires notes disclosures regarding a SBITA. The effective date is for the City's fiscal year ending April 30, 2024.

GASB Statement No. 99 – *Omnibus 2022* – This Statement amends and updates requirements and terminology of previous released standards. In particular, this statement revises requirements related to leases and SBITAs that the City is subject to. This standard is effective for the City's fiscal year ending April 30, 2024, and all reporting periods thereafter.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62 – This Statement defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error corrections. This statement is effective for the fiscal year ending April 30, 2025.

GASB Statement No. 101 – *Compensated Absences* – This Statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. This statement is effective for the fiscal year ending April 30, 2025.

We Recommend:

Management examine the new pronouncements to determine the effect these will have on future financial reporting and to ensure successful implementation on the effective dates.

5. Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner.

We Recommend:

The City continue to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk. We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the City's administrative personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies of this matter or to assist you in implementing the recommendation.

We appreciate this opportunity to serve as the City of Carl Junction's independent auditors and the courtesies and assistance extended to us by the City's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 1, 2023



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

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, for the year ended April 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 30, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Carl Junction, Missouri, are described in Note 1 to the financial statements. The City adopted GASB 87, *Leases* during the year ended April 30, 2023. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the business-type activities' financial statements was management's estimate of the allowance for doubtful accounts is based on historical utility revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We noted no misstatements regarding assets or net position.

www.kpmcpa.com

1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 1, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, budgetary comparison schedules, and pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Honorable Mayor and Board of Aldermen and management of the City of Carl Junction, Missouri, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



KPM CPAs, PC
Springfield, Missouri
September 1, 2023