

CITY OF CARL JUNCTION, MISSOURI

Audited Financial Statements

Year ended April 30, 2012

MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Carl Junction
Carl Junction, MO 64834

We have audited the accompanying financial statements of cash receipts, disbursements and changes in cash balances – all funds; and cash receipts, disbursements, and changes in cash balance – budget and actual for each fund of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2012. These financial statements are the responsibility of the City of Carl Junction, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Carl Junction, Missouri has prepared these financial statements using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are not intended to be a complete presentation of the financial position and results of operations of the City of Carl Junction, Missouri in conformity with accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the cash basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Carl Junction, Missouri as of April 30, 2012, or the changes in its financial position for the year then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In our opinion, except for the effects on the financial statements of the omissions described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of the City of Carl Junction, Missouri, as of April 30, 2012, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.


MENSE, CHURCHWELL & MENSE, P. C.
Certified Public Accountants

Joplin, Missouri
September 26, 2012

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - All Funds
For the year ended April 30, 2012

Funds	Beginning Cash Balances May 1, 2011	Cash Receipts	Disbursements	Ending Cash Balances April 30, 2012
General Fund	\$ 337,090.49	\$ 1,285,138.75	\$ 1,371,021.17	\$ 251,208.07
Special Revenue Funds	459,849.54	706,636.61	608,438.15	558,048.00
Debt Service Fund	369,206.74	316,635.31	300,577.55	385,264.50
Capital Projects Fund	147,773.47	162,800.75	157,230.05	153,344.17
Enterprise Funds	802,229.88	1,976,271.98	1,572,544.47	1,205,957.39
	<u>\$ 2,116,150.12</u>	<u>\$ 4,447,483.40</u>	<u>\$ 4,009,811.39</u>	<u>\$ 2,553,822.13</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
General Fund
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 896,000.00	\$ 896,000.00	\$ 924,421.60	\$ 28,421.60
Licenses and permits	9,500.00	9,500.00	39,859.32	30,359.32
Charges for services	73,800.00	73,800.00	103,013.24	29,213.24
Fines, forfeits and penalties	80,000.00	80,000.00	66,710.54	(13,289.46)
Uses of money and property	26,830.00	26,830.00	29,618.90	2,788.90
Miscellaneous and insurance proceeds	16,650.00	16,650.00	27,515.15	10,865.15
Transfers in	(94,000.00)	(94,000.00)	94,000.00	188,000.00
Total Cash Receipts	\$ 1,008,780.00	\$ 1,008,780.00	\$ 1,285,138.75	\$ 276,358.75
Disbursements				
Animal control	\$ 5,500.00	\$ 5,500.00	\$ 4,301.78	\$ 1,198.22
Auto expense	100.00	100.00	95.90	4.10
Capital outlay	105,274.00	105,274.00	103,071.95	2,202.05
Education and training	11,564.00	11,564.00	10,836.01	727.99
Election expense	3,500.00	3,500.00	4,654.00	(1,154.00)
Fringe benefits	160,512.00	160,512.00	138,767.81	21,744.19
Gas and oil	50,693.00	40,000.00	38,532.62	1,467.38
Insurance	67,796.00	67,796.00	41,631.61	26,164.39
Janitorial expense	3,000.00	3,000.00	4,293.24	(1,293.24)
Membership dues	1,800.00	1,800.00	2,653.84	(853.84)
Miscellaneous	8,200.00	8,200.00	27,639.29	(19,439.29)
Office supplies and expense	43,520.00	76,520.00	89,641.81	(13,121.81)
Other supplies	13,400.00	13,400.00	17,880.58	(4,480.58)
Payroll expense	717,138.00	717,138.00	725,765.58	(8,627.58)
Prisoner expense	3,500.00	3,500.00	300.00	3,200.00
Professional fees	10,792.00	18,792.00	16,592.65	2,199.35
Repairs and maintenance	29,350.00	36,150.00	24,645.58	11,504.42
Retirement	30,013.00	30,013.00	39,225.20	(9,212.20)
Telephone	11,415.00	11,415.00	13,965.12	(2,550.12)
Uniforms	4,750.00	4,750.00	5,796.28	(1,046.28)
Utilities	59,400.00	59,400.00	60,730.32	(1,330.32)
Total Disbursements	\$ 1,341,217.00	\$ 1,378,324.00	\$ 1,371,021.17	\$ 7,302.83
Excess of Cash Receipts Over (Under) Disbursements	\$ (332,437.00)	\$ (369,544.00)	\$ (85,882.42)	\$ 283,661.58
Cash - Beginning of Year	337,090.49	337,090.49	337,090.49	-
Cash - End of Year	\$ 4,653.49	\$ (32,453.51)	\$ 251,208.07	\$ 283,661.58

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Special Revenue Funds
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 370,000.00	\$ 370,000.00	\$ 466,297.02	\$ 96,297.02
Intergovernmental	220,000.00	220,000.00	222,329.60	2,329.60
Licenses and permits	1,000.00	1,000.00	207.50	(792.50)
Charges for services	5,500.00	5,500.00	6,426.63	926.63
Uses of money and property	4,100.00	4,100.00	2,410.74	(1,689.26)
Miscellaneous	800.00	800.00	8,965.12	8,165.12
Total Cash Receipts	\$ 601,400.00	\$ 601,400.00	\$ 706,636.61	\$ 105,236.61
Disbursements				
Auto expense	\$ 60.00	\$ 60.00	\$ 108.26	\$ (48.26)
Capital outlay	26,903.00	26,903.00	18,691.57	8,211.43
Clothing allowance	750.00	750.00	630.33	119.67
Education and training	100.00	100.00	-	100.00
Fringe benefits	36,687.00	36,687.00	39,212.11	(2,525.11)
Gas and oil	12,000.00	12,000.00	14,551.30	(2,551.30)
Insurance	14,159.00	14,159.00	8,238.83	5,920.17
Membership dues	1,300.00	1,300.00	1,403.94	(103.94)
Miscellaneous	2,350.00	2,350.00	12,047.16	(9,697.16)
Office supplies and expense	1,000.00	1,000.00	1,478.17	(478.17)
Other supplies	35,570.00	35,570.00	38,576.19	(3,006.19)
Payroll expense	159,840.00	159,840.00	167,275.34	(7,435.34)
Professional fees	9,650.00	9,650.00	13,948.05	(4,298.05)
Repairs and maintenance	166,950.00	166,950.00	33,514.53	133,435.47
Retirement	8,086.00	8,086.00	11,226.69	(3,140.69)
Street lighting	40,000.00	40,000.00	40,880.53	(880.53)
Telephone	1,650.00	1,650.00	1,971.23	(321.23)
Transfers out	434,000.00	434,000.00	191,828.25	242,171.75
Utilities	12,100.00	12,100.00	12,855.67	(755.67)
Total Disbursements	\$ 963,155.00	\$ 963,155.00	\$ 608,438.15	\$ 354,716.85
Excess of Cash Receipts Over (Under) Disbursements	\$ (361,755.00)	\$ (361,755.00)	\$ 98,198.46	\$ 459,953.46
Cash - Beginning of Year	459,849.54	459,849.54	459,849.54	-
Cash - End of Year	\$ 98,094.54	\$ 98,094.54	\$ 558,048.00	\$ 459,953.46

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Debt Service Fund
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 220,000.00	\$ 220,000.00	\$ 315,764.91	\$ 95,764.91
Uses of money and property	1,000.00	1,000.00	870.40	(129.60)
Total Cash Receipts	<u>\$ 221,000.00</u>	<u>\$ 221,000.00</u>	<u>\$ 316,635.31</u>	<u>\$ 95,635.31</u>
Disbursements				
Debt service	\$ 286,305.00	\$ 300,905.00	\$ 298,997.52	\$ 1,907.48
Refunds	-	1,600.00	1,580.03	19.97
Total Disbursements	<u>\$ 286,305.00</u>	<u>\$ 302,505.00</u>	<u>\$ 300,577.55</u>	<u>\$ 1,907.48</u>
Excess of Cash Receipts Over (Under) Disbursements	\$ (65,305.00)	\$ (81,505.00)	\$ 16,057.76	\$ 97,562.76
Cash - Beginning of Year	<u>369,206.74</u>	<u>369,206.74</u>	<u>369,206.74</u>	-
Cash - End of Year	<u><u>\$ 303,901.74</u></u>	<u><u>\$ 287,701.74</u></u>	<u><u>\$ 385,264.50</u></u>	<u><u>\$ 97,562.76</u></u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Capital Projects Fund
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 110,000.00	\$ 110,000.00	\$ 131,068.19	\$ 21,068.19
Intergovernmental	-	-	26,471.73	26,471.73
Uses of money and property	200.00	200.00	436.51	236.51
Miscellaneous	-	-	4,824.32	4,824.32
Total Cash Receipts	<u>\$ 110,200.00</u>	<u>\$ 110,200.00</u>	<u>\$ 162,800.75</u>	<u>\$ 52,600.75</u>
Disbursements				
Capital outlay	\$ 110,200.00	\$ 125,200.00	\$ 150,258.30	\$ (25,058.30)
Transfers out	-	-	6,971.75	(6,971.75)
Total Disbursements	<u>\$ 110,200.00</u>	<u>\$ 125,200.00</u>	<u>\$ 157,230.05</u>	<u>\$ (25,058.30)</u>
Excess of Cash Receipts Over (Under) Disbursements	\$ -	\$ (15,000.00)	\$ 5,570.70	\$ 27,542.45
Cash - Beginning of Year	<u>147,773.47</u>	<u>147,773.47</u>	<u>147,773.47</u>	<u>-</u>
Cash - End of Year	<u><u>\$ 147,773.47</u></u>	<u><u>\$ 132,773.47</u></u>	<u><u>\$ 153,344.17</u></u>	<u><u>\$ 27,542.45</u></u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Enterprise Fund
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Charges for services	\$ 1,584,550.00	\$ 1,584,550.00	\$ 1,787,337.88	\$ 202,787.88
Penalties	57,000.00	57,000.00	48,367.51	(8,632.49)
Intergovernmental	7,200.00	7,200.00	11,419.24	4,219.24
Use of money and property	1,950.00	1,950.00	2,189.03	239.03
Transfers in	227,474.00	227,474.00	104,800.00	(122,674.00)
Other	2,000.00	2,000.00	22,158.32	20,158.32
Total Cash Receipts	\$ 1,880,174.00	\$ 1,880,174.00	\$ 1,976,271.98	\$ 96,097.98
Disbursements				
Auto expense	\$ 120.00	\$ 120.00	\$ 216.54	\$ (96.54)
Capital outlay	146,800.00	146,800.00	84,805.28	61,994.72
Clothing allowance	1,500.00	1,500.00	1,260.64	239.36
Debt service	204,110.00	204,110.00	198,962.73	5,147.27
Education and training	2,476.00	2,476.00	788.11	1,687.89
Fringe benefits	67,631.00	67,631.00	75,339.96	(7,708.96)
Gas and oil	29,000.00	29,000.00	29,102.63	(102.63)
Insurance	33,973.00	33,973.00	23,039.56	10,933.44
Laboratory fees	10,000.00	10,000.00	12,943.16	(2,943.16)
Membership dues	5,400.00	5,400.00	7,297.70	(1,897.70)
Miscellaneous	12,900.00	12,900.00	35,402.21	(22,502.21)
Office supplies and expense	27,200.00	27,200.00	31,222.36	(4,022.36)
Other supplies	102,320.00	102,320.00	105,871.01	(3,551.01)
Payroll expense	380,297.00	380,297.00	412,673.74	(32,376.74)
Professional fees	44,540.00	85,540.00	77,281.85	8,258.15
Repairs and maintenance	211,500.00	292,600.00	287,705.66	4,894.34
Retirement	19,477.00	19,477.00	29,623.44	(10,146.44)
Telephone	3,844.00	3,844.00	4,788.82	(944.82)
Utilities	148,150.00	148,150.00	154,219.07	(6,069.07)
Total Disbursements	\$ 1,451,238.00	\$ 1,573,338.00	\$ 1,572,544.47	\$ 793.53
Excess of Cash Receipts Over (Under) Disbursements	\$ 428,936.00	\$ 306,836.00	\$ 403,727.51	\$ 96,891.51
Cash - Beginning of Year	802,229.88	802,229.88	802,229.88	-
Cash - End of Year	\$ 1,231,165.88	\$ 1,109,065.88	\$ 1,205,957.39	\$ 96,891.51

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.A. INTRODUCTION

The City of Carl Junction, Missouri is incorporated and operates as a fourth class city as provided for in Chapter 79 of the Missouri Revised Statutes (RSMO). The City operates under an elected Mayor/Board of Aldermen/City Administrator form of government. The City's major operations include health services, public safety, recreation and parks, and general administrative services. In addition, the City provides water and sewer services.

The accompanying financial statements present the cash receipts, disbursements, and changes in cash balances of all funds of the City of Carl Junction, Missouri, and comparisons of such information with the corresponding budgeted information for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Enterprise Fund.

I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

I.B.1. These financial statements present the financial information of the City of Carl Junction, Missouri, the primary government.

Component units of the City are based on significant influence which the City exercises over such units. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City has no component units.

I.B.2. FUNDS AND ACCOUNT GROUPS

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental Fund Types

General Fund – The General Fund is the general operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION
(CONTINUED)**

I.B.2. FUNDS AND ACCOUNT GROUPS (CONTINUED)

Governmental Fund Types (Continued)

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of governmental fund type debt including general obligation bonds.

Capital Projects Fund – The Capital Projects Fund is used to account for transfers from the General Fund and proceeds from grants which are used for payment on City construction projects.

Proprietary Fund Types

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing water and sewer services to the general public on a continuing basis are financed through user charges.

I.C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements are prepared on the cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

I.D. BUDGETARY DATA

The City is required by State Statutes to prepare an annual operating budget. The budget shall present a complete financial plan for the ensuing budget year and shall include at least the following information:

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.D. BUDGETARY DATA (CONTINUED)

- (1) A budget message;
- (2) Estimated receipts and a comparative statement of actual or estimated receipts for the two preceding years itemized by year, fund, and source;
- (3) Proposed disbursements together with a comparative statement of actual or estimated disbursements for the two preceding years itemized by year, fund, activity and object;
- (4) Amount required for debt payment; and
- (5) A general budget summary.

The Board of Aldermen follows these procedures in the preparation of the budget:

- (1) Prior to May 1, City Administrator submits to the Board of Alderman a proposed operating budget for the fiscal year commencing May 1.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) Prior to May 1, the budget is legally enacted through passage of an ordinance.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Proprietary Funds.

The budget may be revised. If total disbursements are increased the City shall adopt a resolution setting forth the facts and reasons making the increase necessary. In no event shall total authorized expenditures from a fund exceed the estimated revenues plus the unencumbered beginning balance. The budgets were amended during the year.

I.E. CASH AND INVESTMENTS

The City maintains a demand deposit account that is available for use by all funds. Cash applicable to a particular fund is readily identifiable.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.E. CASH AND INVESTMENTS (CONTINUED)

The City is allowed to invest in obligations of the United States Government or any agency thereof, maturing and becoming payable not more than three years from date of purchase. In addition the City may enter into repurchase agreements maturing and becoming payable within ninety days, secured by United States Governmental Agencies or Instrumentalities of any maturity.

I.F. CASH RECEIPTS AND DISBURSEMENTS

I.F.1 Sales Tax

The City levies a one percent sales tax, a one-half percent transportation and one-half capital improvements on taxable sales within the City. The tax is collected by the Missouri Department of Revenue and remitted to the City. Pursuant to ordinance the transportation tax is restricted to street improvements and repairs, and the capital improvements tax is restricted to capital improvement projects.

I.F.2 Property Taxes

Property taxes are an enforceable lien on property as of January 1. Taxes are levied November 1 and are due and payable in full by December 31; unpaid taxes become delinquent after December 31. The City bills and collects its own property taxes.

The assessed valuation of the tangible taxable property for the calendar year 2011 for purposes of local taxation was:

General	\$ 61,100,810
Debt Service	<u>13,050,930</u>
	<u>\$ 74,151,740</u>

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

General	\$ 0.4807
Debt Service	<u>0.4048</u>
	<u>\$0.8855</u>

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.F.3 Compensated Absences

Vacation and sick leave are considered to be expenditures in the year paid. Vacation leave may accrue from year to year. An employee may accumulate up to 30 days of vacation leave. Unused vacation leave is paid in the event of termination. At April 30, 2012 the estimated unused accrued vacation leave amounted to approximately \$43,531.07. Unused sick leave is forfeited upon termination. At April 30, 2012, the estimated unused accrued sick leave amounted to approximately \$126,231.86. The City compensates employees for overtime worked by accruing compensatory time off at the rate of 1.5 times the employee's normal rate of pay and 2 times for Sundays and holidays. An employee may accrue up to 40 hours of compensatory time off per year. At April 30, 2012 the estimated unused accrued compensatory time off amounted to approximately \$10,591.03. The amount attributed to enterprise funds could not be determined. The amount to be paid from current resources is not significant.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

II.A. BUDGET COMPLIANCE

The City exceeded budgeted appropriations for the year in the Capital Projects Fund.

II.B. GENERAL OBLIGATION DEBT

II.B.1 General Obligation Bonds (State Revolving Fund Program) Series 1994

The bond ordinance relating to the General Obligation Bonds (State Revolving Fund Program) Series 1994 contains a number of restrictions or covenants that are financial related.

The ordinance authorizing the issuance of the general obligation bonds above requires the following fund and account be maintained by the City in connection therewith:

- a) Debt Service Fund
- b) Depreciation and Replacement Account

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B. GENERAL OBLIGATION DEBT (CONTINUED)

**II.B.1 General Obligation Bonds (State Revolving Fund Program) Series 1994
(Continued)**

Distributions from the Construction Fund

The City has assigned the proceeds of the Bonds held in the Construction Account to the State Environmental Improvements and Energy Resources Authority (the Authority) to secure the City's obligations under the Ordinance. Moneys in the Construction Account shall be disbursed to the City for the sole purpose of paying the cost of extending and improving the sewerage system in accordance with the plans and specifications prepared by the Consulting Engineer, Allgeier, Martin & Associates, Inc., approved by the Governing Body of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consulting Engineer and approved by the Governing Body of the City, and for paying the costs and expenses incident to the issuance of the Bonds.

Requisitions shall be submitted for withdrawals from the Construction Account and accompanied by a certificate executed by the Authorized Representative that such payment is being made for a purpose within the scope of the Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof.

Application of Moneys in the Debt Service Fund

The City covenants that all amounts paid and credited to the Debt Service Fund shall be expended and used by the City for the sole purpose of paying the principal of and interest on the Bonds as and when the same become due. The City will administer and allocate all of the moneys held in the Debt Service Fund on the dates and in the amounts as provided.

Tax Covenant

For the purpose of providing for the payment of the principal of and interest on the Bonds as the same become due, there shall be levied upon all of the taxable tangible property, real and personal, within the City a direct ad valorem tax sufficient to produce the additional amounts necessary for the payment of such principal and interest and other amounts as the same becomes due and payable in each year.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B. GENERAL OBLIGATION DEBT (CONTINUED)

**II.B.1 General Obligation Bonds (State Revolving Fund Program) Series 1994
(Continued)**

Tax Covenant (Continued)

The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the City are levied and collected. The proceeds derived from said taxes shall be deposited in the Debt Service Fund, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Mayor or chief financial officer of the City is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes are collected.

II.B.2 General Obligation Bonds Series 2012

The bond ordinance relating to the General Obligation Bonds Series 2012 contains a number of restrictions or covenants that are financial related.

The ordinance authorizing the issuance of the general obligation bonds above requires the following fund and account be maintained by the City in connection therewith:

- a) Debt Service Fund

Distributions from the Construction Fund

The City has assigned the proceeds of the Bonds held in the Construction Account to the State Environmental Improvements and Energy Resources Authority (the Authority) to secure the City's obligations under the Ordinance. Moneys in the Construction Account shall be disbursed to the City for the sole purpose of paying the cost of constructing and equipping a new building to house the city hall, a senior center, community center, related improvements and improving the streets of the City.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B. GENERAL OBLIGATION DEBT (CONTINUED)

II.B.2 General Obligation Bonds Series 2012 (Continued)

Distributions from the Construction Fund (Continued)

Requisitions shall be submitted for withdrawals from the Construction Account and accompanied by a certificate executed by the Authorized Representative that such payment is being made for a purpose within the scope of the Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof.

Application of Moneys in the Debt Service Fund

The City covenants that all amounts paid and credited to the Debt Service Fund shall be expended and used by the City for the sole purpose of paying the principal of and interest on the Bonds as and when the same become due. The City will administer and allocate all of the moneys held in the Debt Service Fund on the dates and in the amounts as provided.

Tax Covenant

For the purpose of providing for the payment of the principal of and interest on the Bonds as the same become due, there shall be levied upon all of the taxable tangible property, real and personal, within the City a direct ad valorem tax sufficient to produce the additional amounts necessary for the payment of such principal and interest and other amounts as the same becomes due and payable in each year. The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the City are levied and collected.

The proceeds derived from said taxes shall be deposited in the Debt Service Fund, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B. GENERAL OBLIGATION DEBT (CONTINUED)

II.B.2 General Obligation Bonds Series 2012 (Continued)

Tax Covenant (Continued)

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Mayor or chief financial officer of the City is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes are collected.

II.B.3 Notes Payable

On January 7, 2011, the City assumed a promissory note in the amount of \$132,000.00 from the Missouri Department of Natural Resources to finance the costs of the design, acquisition, installation and implementation of energy conservation measures for the Community Center building. Payments are due semiannually at \$6,021.00, with 4.89% stated interest, final payment by August 1, 2025.

On December 30, 2010, the City assumed a promissory note in the amount of \$305,000.00 from Community Bank and Trust to finance the purchase of certain tracts of land of Briarbrook Golf and Country Club. Payments are due monthly at \$4,737.12, with 3.750 stated interest, final payment due by September 11, 2018.

On July 30, 2004, the City assumed a promissory note in the amount of \$54,412.00 from the Missouri Department of Natural Resources to finance the costs of construction of ballpark lighting. Payments are due semiannually at \$2,951.50, with no stated interest, final payment by February 1, 2014.

On November 4, 2005, the City assumed a promissory note in the amount of \$99,952.00 from the Missouri Department of Natural Resources to finance the costs of the design, acquisition, installation and implementation of energy conservation measures for the Police Department building. Payments are due semiannually at \$3,123.50, with no stated interest, final payment by August 1, 2021.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B.4 Capital Lease Obligations

On January 19, 2010, the City entered into a lease-purchase agreement with Commerce Bank, N.A. for furniture, fixtures and equipment. On March 21, 2011 the City refinanced the lease - purchase. The lease is currently payable yearly at \$17,339.39, final payment due September 1, 2017, subject to non-appropriation of funds. Total cost of equipment is \$267,752.10.

II.C. BOND DEFEASANCE

On June 1, 2004, the City transferred \$512,943.75 from the Debt Service Fund to an escrow account to provide for refunding of \$500,000.00 of Series 1994 General Obligation Bonds. GASB Statement No. 7, Advance Refunding Resulting in Defeasance of Debt, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of April 30, 2011, the outstanding balances of bond series that have been refunded and defeased in substance by transferring funds to irrevocable escrow accounts to provide for all future debt payments was \$470,000.00

II.D. ENTERPRISE FUND DEBT

II.D.1 Capital Lease Obligations

On June 7, 2006, the City entered into a lease-purchase agreement with Missouri Association of Municipal Utilities for acquisition and installation of fluoridation equipment at each of its seven existing well sites. The lease is payable monthly at \$2,000.00 plus interest at 4.02% on the outstanding balance of the lease. Final payment is due May 20, 2016, subject to non-appropriation of funds. Total cost of the project is \$257,000.00.

On April 21, 2009, the City entered into a lease-purchase agreement with Commerce Bank, N.A. for a sewer jet trailer, backhoe, mower, pick-up, and dump truck. The lease is payable yearly at \$54,185.47, final payment due May 1, 2013, subject to non-appropriation of funds. Total cost of equipment is \$283,891.88.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.D.2 Revenue Bonds (State Revolving Fund Program) Series 2002

The bond ordinance relating to the Revenue Bonds (State Revolving Fund Program) Series 2002 contains a number of restrictions or covenants that are financial related. The ordinance authorizing the issuance of the revenue bonds above requires the following accounts be maintained by the City in connection therewith:

- a) Construction Account
- b) Reserve Account
- c) Debt Service Account
- d) Principal Account
- e) Interest Account

Distributions from the Construction Fund

The City has assigned the proceeds of the Bonds held in the Construction Account to the State Environmental Improvements and Energy Resources Authority (the Authority) to secure the City's obligations under the Ordinance. Moneys in the Construction Account shall be disbursed to the City for the sole purpose of paying the cost of extending and improving the sewerage system in accordance with the plans and specifications prepared by the Consulting Engineer, Allgeier, Martin & Associates, Inc., approved by the Governing Body of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consulting Engineer and approved by the Governing Body of the City, and for paying the costs and expenses incident to the issuance of the Bonds.

Requisitions shall be submitted for withdrawals from the Construction Account and accompanied by a certificate executed by the Authorized Representative that such payment is being made for a purpose within the scope of the Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof.

Application of Moneys in the Revenue Fund

The City covenants that all amounts paid and credited to the Revenue Fund shall be expended and used by the City for the sole purpose of paying the principal of and interest on the Bonds as and when the same become due. The City will administer and allocate all of the moneys held in the Revenue Fund on the dates and in the amounts as provided.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.D. ENTERPRISE FUND DEBT (CONTINUED)

II.D.2 Revenue Bonds (State Revolving Fund Program) Series 2002 (Continued)

Rate Covenant

The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the waterworks system to produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the system; (b) pay the principal of and interest on the bonds as and when due; (c) enable the City to have in each fiscal year net revenues of not less than 110% of the amount required to be paid by the City in the fiscal year on account of both principal of and interest on all system revenue bonds at the time outstanding, provided that interest on any SRF program bonds will be reduced by the SRF subsidy, if any; and (d) provide reasonable and adequate reserves for the payment of the bonds and the interest thereon and for the protection and benefit of the system as provided. The City will require prompt payment of accounts for services rendered by or through the system and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

II.D.3 Revenue Bonds (State Revolving Fund Program) Series 2003

The bond ordinance relating to the Revenue Bonds (State Revolving Fund Program) Series 2003 contains a number of restrictions or covenants that are financial related.

The ordinance authorizing the issuance of the revenue bonds above requires the following accounts be maintained by the City in connection therewith:

- a) Construction Account
- b) Reserve Account
- c) Debt Service Account
- d) Principal Account
- e) Interest Account

Distributions from the Construction Fund

The City has assigned the proceeds of the Bonds held in the Construction Account to the State Environmental Improvements and Energy Resources Authority (the Authority) to secure the City's obligations under the Ordinance.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.D. ENTERPRISE FUND DEBT (CONTINUED)

II.D.3 Revenue Bonds (State Revolving Fund Program) Series 2003 (Continued)

Distributions from the Construction Fund (Continued)

Moneys in the Construction Account shall be disbursed to the City for the sole purpose of paying the cost of extending and improving the waterworks system in accordance with the plans and specifications prepared by the Consulting Engineer, Allgeier, Martin & Associates, Inc., approved by the Governing Body of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consulting Engineer and approved by the Governing Body of the City, and for paying the costs and expenses incident to the issuance of the Bonds.

Requisitions shall be submitted for withdrawals from the Construction Account and accompanied by a certificate executed by the Authorized Representative that such payment is being made for a purpose within the scope of the Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof.

Application of Moneys in the Revenue Fund

The City covenants that all amounts paid and credited to the Revenue Fund shall be expended and used by the City for the sole purpose of paying the principal of and interest on the Bonds as and when the same become due. The City will administer and allocate all of the moneys held in the Revenue Fund on the dates and in the amounts as provided.

Rate Covenant

The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the waterworks system to produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the system; (b) pay the principal of and interest on the bonds as and when due; (c) enable the City to have in each fiscal year net revenues of not less than 110% of the amount required

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.D. ENTERPRISE FUND DEBT (CONTINUED)

II.D.3 Revenue Bonds (State Revolving Fund Program) Series 2003 (Continued)

Rate Covenant (Continued)

to be paid by the City in the fiscal year on account of both principal of and interest on all system revenue bonds at the time outstanding, provided that interest on any SRF program bonds will be reduced by the SRF subsidy, if any; and (d) provide reasonable and adequate reserves for the payment of the bonds and the interest thereon and for the protection and benefit of the system as provided. The City will require prompt payment of accounts for services rendered by or through the system and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES

III.A. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. RSMo Chapter 110 requires that public funds shall be secured by the deposit of securities of the character prescribed by section 30.270, RSMo. The value of which shall at all times be not less than one hundred percent of the actual amount of the funds on deposit with the depository less the amount, if any, insured by the Federal Deposit Insurance Corporation. All deposits were legally secured at April 30, 2012. The City does not have any other policies for custodial credit risk.

At April 30, 2012, the City’s carrying amounts of deposits was \$2,553,822.13 and the bank balance was \$2,647,384.11. 100% of the bank balance was held by two banks resulting in a concentration of credit risk. Of the bank’s balance, \$177,151.72 was covered by Federal Depository Insurance, \$1,050,000 by Irrevocable Standby Letter of Credit and \$1,420,232.39 was collateralized with securities held by the pledging financial institution’s agents but not in the City’s name.

Investments

The City’s policies and applicable laws regarding investments are discussed in Note I.E. During the year ended April 30, 2012 the City invested idle funds in interest bearing deposit accounts with the Community Bank & Trust and Southwest Missouri Bank.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES

III.A. DEPOSITS AND INVESTMENTS

Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk.

III.B. RESTRICTED ASSETS

The following amounts of the respective ending cash balances of the following funds are restricted as follows:

General Fund -	
Customer Deposits and Bond	\$ 3,286.36
Enterprise Fund-	
Customer Deposits	120,265.90
Replacements	197,440.10
	<u>320,992.36</u>
	<u>\$ 320,992.36</u>

The amounts above are composed of:

Deposits - Community Bank and Trust, Carl Junction, Missouri	<u>\$ 320,992.36</u>
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III.C. LONG-TERM DEBT

The City's long-term debt is to be repaid from governmental type funds and proprietary type funds.

As of April 30, 2012, the long-term debt consisted of the following:

Bonds Payable

1994 Series General Obligation Bonds (State Revolving Fund Program) Series 1994, original issue amount \$1,300,000.00. dated November 1, 1994, interest rates from 5.25% to 7.20%, final maturity January 2014.	\$ 225,000.00
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CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2012

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)

III.C. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

2002 Series Revenue Bonds (State Revolving Fund Program), original issue amount \$860,000.00 dated May 8, 2002, interest rates from 3.00% to 5.15%, final maturity January 2023.	505,000.00
2003 Series Revenue Bonds (State Revolving Fund Program), original issue amount \$1,760,000.00, dated April 3, 2003, interest rates from 2.00% to 4.70%, final maturity January 2024.	1,150,000.00
2012B Series General Obligation Bonds (State Revolving Fund Program) Series 2008, original issue amount \$4,500,000.00, dated July 30, 2008, interest rates from 3.75% to 5.10%, final maturity March 2028.	<u>4,485,000.00</u>
Total Bonds Payable	<u>\$ 6,365,000.00</u>

Capital Lease Obligations

Lease purchase agreement on fluoridation system, \$2,000.00 payable monthly, plus interest of 4.02% on unpaid balance, final payment due May 20, 2016.	\$ 94,000.00
Lease purchase agreement on equipment, \$54,185.47 payable yearly, final payment due May 1, 2013.	52,779.75
Lease purchase agreement on equipment, \$45,238.59 payable yearly, final Payment due January 15, 2016.	<u>93,656.40</u>
Total Capital Lease Obligations	<u>\$ 240,436.15</u>

Notes Payable

Note payable on energy conservation measures, payable semiannually at \$6,021.00, final payment due August 1, 2025.	\$ 117,819.71
Note payable on tracks of land, payable semiannually at \$4,737.12, final payment due December 30, 2016.	246,971.69

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)

III.C. LONG-TERM DEBT (CONTINUED)

Note payable on ballpark lighting, payable semiannually at \$2,951.50, final payment due February 1, 2014. 10,139.50

Note payable on energy conservation measures, payable semiannually at \$3,123.50, final payment due August 1, 2021. 59,346.50

Total Notes Payable \$ 434,277.40

Accrued Compensated Absences

Accrued compensated absences are comprised of compensatory time off, vacation leave and sick leave. \$ 180,353.96

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2012:

Type of Debt	Balance April 30, 2011	Additions	Reductions	Balance April 30, 2012
General Obligation Bonds Payable	\$ 4,775,000.00	\$ -	\$ 65,000.00	\$ 4,710,000.00
Revenue Bonds Payable	1,775,000.00	-	120,000.00	1,655,000.00
Capital Lease Obligations	368,453.35	-	128,017.20	240,436.15
Notes Payable	495,285.33	-	61,007.93	434,277.40
Accrued Compensated Absences	<u>155,629.68</u>	<u>24,724.28</u>	<u>-</u>	<u>180,353.96</u>
Total Long-Term Debt	<u>\$ 7,569,368.36</u>	<u>\$ 24,724.28</u>	<u>\$ 374,025.13</u>	<u>\$ 7,220,067.51</u>

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)

III.C. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt (Continued)

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt of the City as of April 30, 2012 are as follows:

<u>Year Ending April 30,</u>	<u>Bonds Payable</u>	<u>Capital Lease Obligations</u>	<u>Notes Payable</u>
2013	651,986.52	101,727.03	50,956.56
2014	537,418.52	47,369.25	69,740.54
2015	530,481.02	48,133.26	67,305.35
2016	539,868.12	51,706.44	69,160.99
2017	548,899.76	21,379.25	71,116.22
2018-2022	2,814,705.04	17,339.39	166,626.30
2023-2028	<u>2,998,399.00</u>	<u>-</u>	<u>41,832.47</u>
Total			
Principal and interests	\$ 8,621,757.98	\$ 287,654.62	\$ 536,738.43
Less interest	<u>2,256,757.98</u>	<u>47,218.42</u>	<u>102,461.02</u>
Principal Outstanding at April 30, 2012	<u>\$ 6,365,000.00</u>	<u>\$ 240,436.20</u>	<u>\$ 434,277.41</u>

IV. POST EMPLOYMENT BENEFITS

IV.A. EMPLOYEE PENSION PLAN

A. Plan Description

The City of Carl Junction participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

IV. POST EMPLOYMENT BENEFITS (CONTINUED)

IV.A. EMPLOYEE PENSION PLAN (CONTINUED)

A. Plan Description (Continued)

LAGERS was created and governed by statute section RSMo. 70.600 – 70.755. As such, it is the system’s 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(1) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of the City of Carl Junction contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 8.4% (General) and 6.5% (Police) of annual covered payroll. The contribution of plan members is determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision’s annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 77,175
Interest on net pension obligation	104
Adjustment to annual required contribution	<u>(92)</u>
Annual pension cost	77,187
Actual contributions	<u>(70,306)</u>
Increase (decrease) in NPO	6,881
NPO beginning of year	<u>1,384</u>
NOP end of year	<u><u>\$ 8,265</u></u>

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2012

IV. POST EMPLOYMENT BENEFITS (CONTINUED)

IV.A. EMPLOYEE PENSION PLAN (CONTINUED)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (Continued)

The annual required contribution (ARC) was determined as part of the February 29, 2009 and February 28, 2010 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included: (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2009 was 30 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2010 was 20 years for the General division and 29 years for the Police division.

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 49,310	100.0%	\$ -
2010	\$ 62,904	97.8%	\$ 1,384
2011	\$ 77,187	91.1%	\$ 8,265

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2012

IV. POST EMPLOYMENT BENEFITS (CONTINUED)

IV.A. EMPLOYEE PENSION PLAN (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL as a Percentage of Covered Payroll
2/28/2009	788,788	1,110,695	321,907	71%	936,462	34%
2/28/2010	954,602	1,281,822	327,220	74%	1,051,411	31%
2/28/2011	972,752	1,270,812	298,060	77%	967,969	31%

V. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these various risks by carrying commercial insurance.

VI. GRANT PROGRAM INVOLVEMENT

The City receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State Agencies. Such audits could result in a request for reimbursement by the Federal and State Agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2012

VII. INTERFUND TRANSFERS

Interfund transfers for the year ended April 30, 2012 consisted of the following:

<u>Fund</u>	<u>Transfer to:</u>	<u>Transfer from:</u>
General	\$ 94,000.00	\$ -
Special Revenue	6,971.75	198,800.00
Enterprise Funds	104,800.00	-
Capital Projects	-	6,971.75
Total	<u>\$ 205,771.75</u>	<u>\$ 205,771.75</u>

VIII. LITIGATION

The City is party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include provisions for loss on contingencies that may result from these proceedings, due to the insurance coverage maintained by the City. The City feels that any settlement or judgment not covered by insurance would not have a material effect on the financial condition of the City.

IX. SEGMENT INFORMATION ON ENTERPRISE FUNDS

The City maintains two enterprise funds that provide a variety of public services as defined in Note I.A. Selected financial information for business segments of enterprise funds for the year ended April 30, 2012, is presented as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating Revenues	<u>\$ 878,253.64</u>	<u>\$ 796,392.86</u>
Operating Income (Loss)	<u>\$ 277,244.75</u>	<u>\$ 6,774.12</u>
Net Income (Loss)	<u>\$ 426,707.14</u>	<u>\$ (14,548.41)</u>
Total Assets	<u>\$ 796,579.02</u>	<u>\$ 182,913.79</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 120,265.90</u>
Total Net Assets	<u>\$ 796,579.02</u>	<u>\$ 62,647.89</u>

CITY OF CARL JUNCTION, MISSOURI
Combining Statement of Cash Receipts,
Disbursements and Changes in Cash Balances
Special Revenue Funds
For the year ended April 30, 2012

	Street and Alley	Parks	City Sales Tax	Municipal Court	Total
Cash Receipts					
Taxes	\$ 131,157.82	\$ -	\$ 335,139.20	\$ -	\$ 466,297.02
Intergovernmental	222,329.60	-	-	-	222,329.60
Licenses and permits	207.50	-	-	-	207.50
Charges for services	-	6,426.63	-	-	6,426.63
Fines, forfeits and penalties	-	-	-	101,106.87	101,106.87
Uses of money and property	71.86	-	2,338.88	-	2,410.74
Miscellaneous	8,965.12	-	-	207.93	9,173.05
Transfers in	10,000.00	37,500.00	-	-	47,500.00
Total Cash Receipts	\$ 372,731.90	\$ 43,926.63	\$ 337,478.08	\$ 101,314.80	\$ 855,451.41
Disbursements					
Auto expense	\$ 108.26	\$ -	\$ -	\$ -	\$ 108.26
Capital outlay	10,717.82	7,973.75	-	-	18,691.57
Clothing allowance	630.33	-	-	-	630.33
Fines, forfeits and penalties	-	-	-	101,314.80	101,314.80
Fringe benefits	39,212.11	-	-	-	39,212.11
Gas and oil	14,551.30	-	-	-	14,551.30
Insurance	8,238.83	-	-	-	8,238.83
Membership dues	1,403.94	-	-	-	1,403.94
Miscellaneous	771.70	78.95	11,196.51	-	12,047.16
Office supplies and expense	1,478.17	-	-	-	1,478.17
Other supplies	29,167.10	9,409.09	-	-	38,576.19
Payroll expense	153,775.34	13,500.00	-	-	167,275.34
Professional fees	13,948.05	-	-	-	13,948.05
Repairs and maintenance	13,958.40	19,556.13	-	-	33,514.53
Retirement	11,226.69	-	-	-	11,226.69
Street lighting	40,880.53	-	-	-	40,880.53
Telephone	1,427.93	543.30	-	-	1,971.23
Transfers out	-	-	239,328.25	-	239,328.25
Utilities	2,923.47	9,932.20	-	-	12,855.67
Total Disbursements	\$ 344,419.97	\$ 60,993.42	\$ 250,524.76	\$ 101,314.80	\$ 757,252.95
Excess of Cash Receipts Over (Under) Disbursements	\$ 28,311.93	\$ (17,066.79)	\$ 86,953.32	\$ -	\$ 98,198.46
Cash - Beginning of Year	68,010.05	17,560.97	374,278.52	-	459,849.54
Cash - End of Year	\$ 96,321.98	\$ 494.18	\$ 461,231.84	\$ -	\$ 558,048.00

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Street and Alley Fund
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 110,000.00	\$ 110,000.00	\$ 131,157.82	\$ 21,157.82
Intergovernmental	220,000.00	220,000.00	222,329.60	2,329.60
Licenses and permits	1,000.00	1,000.00	207.50	(792.50)
Uses of money and property	100.00	100.00	71.86	(28.14)
Miscellaneous and insurance proceeds	800.00	800.00	8,965.12	8,165.12
Transfers In	112,716.00	112,716.00	10,000.00	(102,716.00)
Total Cash Receipts	\$ 444,616.00	\$ 444,616.00	\$ 372,731.90	\$ (71,884.10)
Disbursements				
Auto expense	\$ 60.00	\$ 60.00	\$ 108.26	\$ (48.26)
Capital outlay	21,000.00	21,000.00	10,717.82	10,282.18
Clothing allowance	750.00	750.00	630.33	119.67
Education and training	100.00	100.00	-	100.00
Fringe benefits	36,687.00	36,687.00	39,212.11	(2,525.11)
Gas and oil	12,000.00	12,000.00	14,551.30	(2,551.30)
Insurance	12,368.00	12,368.00	8,238.83	4,129.17
Membership dues	1,300.00	1,300.00	1,403.94	(103.94)
Miscellaneous	1,350.00	1,350.00	771.70	578.30
Office supplies and expense	1,000.00	1,000.00	1,478.17	(478.17)
Other supplies	28,570.00	28,570.00	29,167.10	(597.10)
Payroll expense	140,215.00	140,215.00	153,775.34	(13,560.34)
Professional fees	9,650.00	9,650.00	13,948.05	(4,298.05)
Repairs and maintenance	149,000.00	149,000.00	13,958.40	135,041.60
Retirement	7,771.00	7,771.00	11,226.69	(3,455.69)
Street lighting	40,000.00	40,000.00	40,880.53	(880.53)
Telephone	1,250.00	1,250.00	1,427.93	(177.93)
Utilities	3,300.00	3,300.00	2,923.47	376.53
Total Disbursements	\$ 466,371.00	\$ 466,371.00	\$ 344,419.97	\$ 121,951.03
Excess of Cash Receipts Over (Under) Disbursements	\$ (21,755.00)	\$ (21,755.00)	\$ 28,311.93	\$ 50,066.93
Cash - Beginning of Year	68,010.05	68,010.05	68,010.05	-
Cash - End of Year	<u>\$ 46,255.05</u>	<u>\$ 46,255.05</u>	<u>\$ 96,321.98</u>	<u>\$ 50,066.93</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Park Fund
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Charges for services	\$ 5,500.00	\$ 5,500.00	\$ 6,426.63	\$ 926.63
Transfers in	57,284.00	57,284.00	37,500.00	(19,784.00)
Total Cash Receipts	\$ 62,784.00	\$ 62,784.00	\$ 43,926.63	\$ (18,857.37)
Disbursements				
Capital outlay	\$ 5,903.00	\$ 5,903.00	\$ 7,973.75	\$ (2,070.75)
Miscellaneous	1,000.00	1,000.00	78.95	921.05
Other supplies	7,000.00	7,000.00	9,409.09	(2,409.09)
Payroll expense	19,625.00	19,625.00	13,500.00	6,125.00
Repairs and maintenance	17,950.00	17,950.00	19,556.13	(1,606.13)
Telephone	400.00	400.00	543.30	(143.30)
Utilities	8,800.00	8,800.00	9,932.20	(1,132.20)
Total Disbursements	\$ 60,678.00	\$ 60,678.00	\$ 60,993.42	\$ (315.42)
Excess of Cash Receipts Over (Under) Disbursements	\$ 2,106.00	\$ 2,106.00	\$ (17,066.79)	\$ (19,172.79)
Cash - Beginning of Year	17,560.97	17,560.97	17,560.97	-
Cash - End of Year	<u>\$ 19,666.97</u>	<u>\$ 19,666.97</u>	<u>\$ 494.18</u>	<u>\$ (19,172.79)</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
City Sales Tax Fund
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 260,000.00	\$ 260,000.00	\$ 335,139.20	\$ 75,139.20
Uses of money and property	4,000.00	4,000.00	2,338.88	(1,661.12)
Total Cash Receipts	<u>\$ 264,000.00</u>	<u>\$ 264,000.00</u>	<u>\$ 337,478.08</u>	<u>\$ 73,478.08</u>
Disbursements				
Miscellaneous	\$ -	\$ -	\$ 11,196.51	\$ (11,196.51)
Transfers out	264,000.00	264,000.00	239,328.25	24,671.75
Total Disbursements	<u>\$ 264,000.00</u>	<u>\$ 264,000.00</u>	<u>\$ 250,524.76</u>	<u>\$ 24,671.75</u>
Excess of Cash Receipts Over (Under) Disbursements	\$ -	\$ -	\$ 86,953.32	\$ 86,953.32
Cash - Beginning of Year	<u>374,278.52</u>	<u>374,278.52</u>	<u>374,278.52</u>	<u>-</u>
Cash - End of Year	<u><u>\$ 374,278.52</u></u>	<u><u>\$ 374,278.52</u></u>	<u><u>\$ 461,231.84</u></u>	<u><u>\$ 86,953.32</u></u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Waterworks Operation and Maintenance Account
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Charges for services	\$ 734,300.00	\$ 734,300.00	\$ 763,395.81	\$ 29,095.81
Penalties	50,000.00	50,000.00	29,939.95	(20,060.05)
Use of money and property	150.00	150.00	108.57	(41.43)
Other	1,000.00	1,000.00	19,679.08	18,679.08
Total Cash Receipts	\$ 785,450.00	\$ 785,450.00	\$ 813,123.41	\$ 27,673.41
Disbursements				
Capital outlay	\$ 35,800.00	\$ 35,800.00	\$ 35,028.07	\$ 771.93
Clothing allowance	750.00	750.00	630.34	119.66
Debt service	152,610.00	152,610.00	147,557.13	5,052.87
Education and training	1,238.00	1,238.00	293.08	944.92
Fringe benefits	33,720.00	33,720.00	38,926.81	(5,206.81)
Gas and oil	14,000.00	14,000.00	14,551.30	(551.30)
Insurance	17,520.00	17,520.00	11,592.69	5,927.31
Membership dues	2,700.00	2,700.00	3,648.85	(948.85)
Miscellaneous	6,700.00	6,700.00	25,497.61	(18,797.61)
Office supplies and expense	13,660.00	13,660.00	15,610.57	(1,950.57)
Other supplies	70,910.00	70,910.00	55,861.28	15,048.72
Payroll expense	195,899.00	195,899.00	208,844.96	(12,945.96)
Professional fees	18,270.00	26,270.00	22,701.22	3,568.78
Repairs and maintenance	43,000.00	124,100.00	94,390.07	29,709.93
Retirement	10,414.00	10,414.00	15,085.48	(4,671.48)
Telephone	1,547.00	1,547.00	2,818.54	(1,271.54)
Transfers out	160,474.00	160,474.00	12,200.00	148,274.00
Utilities	90,400.00	90,400.00	96,262.36	(5,862.36)
Total Disbursements	\$ 869,612.00	\$ 958,712.00	\$ 801,500.36	\$ 157,211.64
Excess of Cash Receipts Over (Under) Disbursements	\$ (84,162.00)	\$ (173,262.00)	\$ 11,623.05	\$ 184,885.05
Cash - Beginning of Year	46,439.79	46,439.79	46,439.79	-
Cash - End of Year	<u>\$ (37,722.21)</u>	<u>\$ (126,822.21)</u>	<u>\$ 58,062.84</u>	<u>\$ 184,885.05</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Sewer Operation and Maintenance Account
For the year ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Charges for services	\$ 705,050.00	\$ 705,050.00	\$ 859,826.08	\$ 154,776.08
Penalties	7,000.00	7,000.00	18,427.56	11,427.56
Use of money and property	1,000.00	1,000.00	1,141.13	141.13
Other	1,000.00	1,000.00	2,479.24	1,479.24
Total Cash Receipts	\$ 714,050.00	\$ 714,050.00	\$ 881,874.01	\$ 167,824.01
Disbursements				
Auto expense	\$ 120.00	\$ 120.00	\$ 216.54	\$ (96.54)
Capital outlay	111,000.00	111,000.00	49,777.21	61,222.79
Clothing allowance	750.00	750.00	630.30	119.70
Debt service	51,500.00	51,500.00	51,405.60	94.40
Education and training	1,238.00	1,238.00	495.03	742.97
Fringe benefits	33,911.00	33,911.00	36,413.15	(2,502.15)
Gas and oil	15,000.00	15,000.00	14,551.33	448.67
Insurance	16,453.00	16,453.00	11,446.87	5,006.13
Laboratory fees	10,000.00	10,000.00	12,943.16	(2,943.16)
Membership dues	2,700.00	2,700.00	3,648.85	(948.85)
Miscellaneous	6,200.00	6,200.00	12,039.45	(5,839.45)
Office supplies and expense	13,540.00	13,540.00	15,611.79	(2,071.79)
Other supplies	30,410.00	30,410.00	41,813.97	(11,403.97)
Payroll expense	184,398.00	184,398.00	203,828.78	(19,430.78)
Professional fees	25,270.00	58,270.00	54,580.63	3,689.37
Repairs and maintenance	25,000.00	25,000.00	17,196.01	7,803.99
Retirement	9,063.00	9,063.00	14,537.96	(5,474.96)
Telephone	2,297.00	2,297.00	1,970.28	326.72
Transfers out	67,000.00	67,000.00	67,000.00	-
Utilities	57,750.00	57,750.00	57,956.71	(206.71)
Total Disbursements	\$ 663,600.00	\$ 696,600.00	\$ 668,063.62	\$ 28,536.38
Excess of Cash Receipts Over (Under) Disbursements	\$ 50,450.00	\$ 17,450.00	\$ 213,810.39	\$ 196,360.39
Cash - Beginning of Year	379,330.34	379,330.34	379,330.34	-
Cash - End of Year	\$ 429,780.34	\$ 396,780.34	\$ 593,140.73	\$ 196,360.39

See notes to the financial statements.