

CITY OF CARL JUNCTION

CARL JUNCTION, MISSOURI

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

YEAR ENDED APRIL 30, 2018

CITY OF CARL JUNCTION, MISSOURI

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT		1-2
MANAGEMENT'S DISCUSSION & ANALYSIS		3-15
BASIC FINANCIAL STATEMENTS:		
<i>Government-Wide Financial Statements:</i>		
Statement of Net Position	1	16-17
Statement of Activities	2	18-19
<i>Fund Financial Statements:</i>		
Balance Sheet – Governmental Funds	3	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	21-22
Statement of Net Position– Proprietary Fund	5	23-24
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	6	25-26
Statement of Cash Flows – Proprietary Fund	7	27
<i>Notes to Basic Financial Statements</i>		28-41
REQUIRED SUPPLEMENTARY INFORMATION:		
	<u>Exhibit</u>	42
Budgetary Comparison Schedule		
– General Fund	1	43-45
– Street Fund	2	46
Notes to Required Supplementary Information – Budgetary Comparison Schedule	3	47
Schedule of Changes in Net Pension Liability and Related Ratios	4	48
Schedule of Contributions	5	49
OTHER SUPPLEMENTARY INFORMATION		
	<u>Schedule</u>	50
Combining Balance Sheet – Other Governmental Funds	1	51
Combining Statement of Revenues, Expenditures and Changes In Fund Balance	2	52
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH <i>GOVERNMENTAL AUDITING STANDARDS</i>		53-54

TAYLOR GREEN PC

602 W. McCord Street
PO Box 150
Neosho, MO 64850

A Certified Public Accounting Firm

Phone: (417) 451-3036
Fax: (417) 451-3037

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Board of Alderpersons
City of Carl Junction
303 N. Main Street
Carl Junction, Missouri 64834

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Carl Junction, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carl Junction, Missouri, as of April 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension required supplementary information on pages 3-15, pages 43-47, and pages 48-49 be presented to supplement the basic financial statements. Such information,

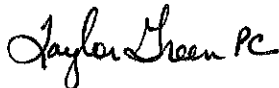
although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carl Junction, Missouri's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures and reconciling information directly to underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018, on our consideration of the City of Carl Junction, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Carl Junction, Missouri's internal control over financial reporting and compliance.



Taylor Green PC

Neosho, Missouri
September 26, 2018

City of Carl Junction
Management's Discussion and Analysis
April 30, 2018

As the financial managers of the City of Carl Junction, Missouri, we offer readers of the City financial statements this narrative overview and analysis of the financial activities of the City of Carl Junction, Missouri for the fiscal year ended April 30, 2018. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- On a government-wide basis the assets and deferred outflows of the City of Carl Junction exceeded its liabilities and deferred inflows for the most recent fiscal year by \$37,028,019. The City has a total net position of \$37,028,019 primarily due to \$2,824,852 in net unrestricted balance.
- As of the close of the current fiscal year, the City of Carl Junction government-wide activities reported \$394,418 net income.
- The City of Carl Junction total governmental funds fund balance for the end of the fiscal year was reported as \$2,209,903 a 23% increase over the preceding fiscal year.
- As of the close of the current fiscal year, the City of Carl Junction reported a net change in fund balances for total governmental funds of \$420,319 with a depreciation expense of \$737,463, pension expense of \$51,792, payments on long-term payables of \$264,506, deferred revenues of \$11,427, disposal of assets of \$40,684, and purchase of assets of \$722,493, for a total change in net position of governmental activities of \$588,806.
- The City of Carl Junction's assets exceeded its liabilities for proprietary funds with total assets reported at \$19,767,727 and total liabilities reported at \$2,716,037.
- The statement of revenues, expenses and changes in fund net position for the proprietary funds showed total operating revenues of \$2,412,438 and total operating expenses of \$2,528,740 for an operating loss of \$116,302. As of the close of the fiscal year, there was a total ending net position of \$17,051,690 for a decrease in net position over last fiscal year of \$194,388.
- The total proprietary fund net position for the end of the fiscal year was \$17,051,690. This provided a net cash by operating activities of \$758,976.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Carl Junction, Missouri's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the City of Carl Junction, Missouri's finances, in a manner similar to a private-sector business. Please note that these government-wide financial statements exclude fiduciary fund activities since the City has no fiduciary fund activities.

The *statement of net position* represents information on all of the City of Carl Junction's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

The government-wide financial statements distinguish functions of the City of Carl Junction, Missouri that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Carl Junction, Missouri include general government, municipal court, police, and public works.

Business-type Activities

The City of Carl Junction, Missouri's business-type activities consists of its: refuse collection and disposal services, which is operated under a contractual arrangement with a private hauler, drinking water pumping from deep wells and distribution, waste water collection and treatment. These operations derive revenues from charges for services that are intended to recoup the full cost of operations.

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

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

Fund Financial Statements

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

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial

statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

Proprietary Funds

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 through 41 of this report.

Required Supplementary Information

In addition to the financial statements and notes to the financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the General Fund and the Street Fund. This report also contains required supplementary information concerning net pension liabilities and contributions.

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

Other Supplementary Information

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

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

Financial Analysis of the City as a Whole

The City presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Net Position

The City's combined net position was \$37,028,019. Looking at the net position of governmental and business type activities separately provides additional information.

The comparative condensed statement of net position is as follows:

City of Carl Junction
Condensed Statement of Net Position
April 30, 2018

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash & cash equivalents	1,700,931	990,982	2,691,913
Investments	161,874	-	161,874
Internal balances	17,339	(17,339)	-
Prepaid Insurance	11,718	10,026	21,744
Taxes receivable	149,641	-	149,641
Accounts receivable, net	4,850	190,319	195,169
Total current assets	2,046,353	1,173,988	3,220,341
Restricted assets:			
Cash	558,082	331,401	889,483
Total restricted assets	558,082	331,401	889,483
Non-current assets:			
Capital assets:			
Land	445,000	242,000	687,000
Other capital assets, net of accumulated depreciation	21,115,171	18,002,999	39,118,170
Total non-current assets	21,560,171	18,244,999	39,805,170
Total Assets	24,164,606	19,750,388	43,914,994
Deferred outflows of resources:			
Relating to pension	438,095	-	438,095
Total Assets and Deferred Outflows	24,602,701	19,750,388	44,353,089

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	31,311	12,591	43,902
Pension payable	13,928	-	13,928
Accrued liabilities	195,033	102,389	297,422
Current maturities of long-term debt	292,562	191,240	483,802
Total current liabilities	532,834	306,220	839,054
Non-current liabilities:			
Meter deposits payable	-	175,213	175,213
Lease purchase agreement payable	3,519,315	2,217,265	5,736,580
Net pension liability	400,973	-	400,973
Total non-current liabilities	3,920,288	2,392,478	6,312,766
Total liabilities	4,453,122	2,698,698	7,151,820
Deferred inflows of resources:			
Relating to pensions	173,250	-	173,250
Total Liabilities and Deferred Inflows	4,626,372	2,698,698	7,325,070
NET POSITION			
Net investment in capital assets	17,748,294	15,836,494	33,584,788
Nonspendable	11,718	-	11,718
Restricted for:			
Bond Requirements	-	154,104	154,104
Street Improvements	249,384	-	249,384
Shop with a Cop	12,986	-	12,986
Court Bonds	4,340	-	4,340
Deposits	4,800	181,047	185,847
Unrestricted	1,944,807	880,045	2,824,852
Total Net Position	19,976,329	17,051,690	37,028,019

As provided above, at the end of the current fiscal year, the City of Carl Junction, Missouri is able to report a total positive net position of \$37,028,019.

Government Activities

Governmental activities increased the City of Carl Junction, Missouri's net position by \$588,806. The comparative Condensed Statement of Changes in Activities is as follows:

City of Carl Junction
Condensed Statement of Changes in Net Position
April 30, 2018

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General & Administrative	(1,267,647)	-	-	-	(1,267,647)
Municipal Court	(122,444)	-	-	-	(122,444)
Police Department	(1,066,814)	183,651	114,502	-	(768,661)
Trash	-	67,537	-	-	67,537
Community Service	(23,000)	-	-	-	(23,000)
Park	(208,126)	-	-	-	(208,126)
Street	(621,101)	-	-	643,500	22,399
Capital Improvements	(77,187)	-	-	38,386	(38,801)
Debt Services	(242)	-	-	-	(242)
Total governmental activities	(3,386,561)	251,188	114,502	681,886	(2,338,985)
Business-type activities					
Sewer fund	(1,392,471)	1,188,088	-	101,400	(102,983)
Water fund	(1,187,177)	1,140,338	-	57,992	11,153
Total business-type activities	(2,579,648)	2,328,426	-	159,392	(91,830)
Total primary government	(5,966,209)	2,579,614	114,502	841,278	(2,430,815)

Primary Government			
	Governmental	Business-type	
	Activities	Activities	Total
Change in net position:			
Net (expense) Revenue	(2,338,985)	(91,830)	(2,430,815)
General Revenues:			
Taxes:			
Sales taxes:			
General	346,844	-	346,844
City	385,488	-	385,488
Motor vehicle	100,672	-	100,672
Motor fuel taxes	200,303	-	200,303
Property taxes	924,056	-	924,056
Franchise taxes (fees)	497,933	-	497,933
Dog pound	929	-	929
Licenses and permits	101,894	-	101,894
Intergovernmental rent	47,066	-	47,066
Interest income	1,044	637	1,681
Miscellaneous	138,668	79,699	218,367
Net transfers	182,894	(182,894)	-
Total general revenues	2,927,791	(102,558)	2,825,233
Net position - beginning	19,387,524	17,246,078	36,633,602
Change in net position	588,806	(194,388)	394,418
Round	(1)	-	(1)
Net position - ending	19,976,329	17,051,690	37,028,019

Financial Analysis of the Governmental Funds

As noted earlier, the City of Carl Junction, Missouri uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Carl Junction, Missouri's governmental funds is to provide information on inflows and balances of available resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources for spending at the end of the fiscal year.

At the end of the fiscal year 2018, the unassigned fund balance of the general fund was \$292,302, while the total general fund balance was \$1,163,600. As a measure of the general fund's liquidity, it may be useful to compare both unassigned general fund balance and the total general fund balance to total general fund expenditures and transfers out. Unassigned general fund balance represents 13% of total general fund expenditures, while total general fund balance represents 50% of total general fund expenditures.

The fund balance in the City's general fund increased by \$212,134 or 23% from the prior year fund balance.

Proprietary Funds

The City's proprietary enterprise fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Waterworks system fund at end of fiscal year amounted to \$6,360,183, a decrease in net position of \$30,174 from the prior year.

Net position of the Wastewater system fund at end of fiscal year amounted to \$10,691,507, a decrease in net position of \$164,214 from the prior year.

Total net position of the Proprietary Funds at end of fiscal year amounted to \$17,051,690, a decrease in net position of \$194,388 from the prior year.

Fund Balance Budgetary Highlights

Total budgeted revenue and expenses were adjusted during the year end budget changes as certain line items were adjusted to better reflect the City's revenue and expenses. The following are line items that needed to be adjusted:

General fund saw increases in several areas. The most significant increase was noted in health insurance for the year. This was due to the change in providers and the costs involved in changing from one provider to another one. Health insurance renewals came in at 14% increase over previous year. The other significant expense was the purchase of new vehicle for the Building Inspector.

Police fund was adjusted to show the receipt of grant funds from the Jasper County Law Enforcement Sales Tax and the expenditures to offset the grant.

Waterworks fund increase was a transfer from the equipment accrual fund for the purchase of replacement backhoe, pickup and associated equipment.

WWTP Fund saw increases to the 2002 Bond line item. This significant increase was taken from reserves to pay-off the bond issuance from 2002. Lift station maintenance also increased to show the repair and remodeling of a lift station on Rocky Lane.

I&I Abatement fund had the largest increase of any fund. The money for this expenditure was taken from reserves to repair a broken sewer line that crosses Center Creek. The sewer main was broken during widespread flooding in the area. There was no environmental impact from the break as the system was taking in water from Center Creek and was not discharging into Center Creek.

	Budgeted Amount	Actual Amount
General Fund		
Building Repairs	10,000	33,000
Misc Expense	2,000	22,000
Reimbursable Exp	0	23,000
Transfers to Police Dept	1,033,107	1,053,107
Health Insurance	7,540	62,540
Electric	37,000	42,800
Vehicle Maintenance	1,000	11,000
Phone – Police	5,000	12,800
Electric – Police	12,000	20,000
Repairs & Maint – Police cars	9,000	15,300
Reimbursable Expense - Police	0	5,100
Grants - Police	15,000	30,000
Transfers General Fund-Sales Tx	266,000	303,000
Waterworks System Fund		
Equipment Purchase	55,000	89,000
Lease Purchase	0	55,000
Transfers to Water R&R Fund	76,200	90,200
Wastewater System Fund		
Workers Comp/Liab Insurance	9,728	32,728
2020 Bond	45,000	275,000
Lift Station Maintenance	30,000	48,000
I&I Repairs	156,300	536,500
Debt Service Fund		
2012 Bond Principal	225,000	245,000

Capital Assets

The City has invested \$39,805,170 in a broad range of capital assets, including land, facilities, buildings, machinery and equipment, automobiles and trucks. This amount represents a net decrease of \$(300,069) for the current fiscal year including additions, disposals, and depreciation. Capital asset activity resulting from accrual based transactions for the fiscal year ended April 30, 2018 was as follows:

	Balance at May 1, 2017	Additions	Deductions	Balance at April 30, 2018
<i>Governmental activities:</i>				
Land (non-depreciable)	445,000	-	-	445,000
Buildings	17,307,141	-	-	17,307,141
Machinery & Equipment	1,272,290	1,600	107,500	1,166,390
Vehicles	169,469	51,834	13,950	207,353
Improvements	361,455	25,559	-	387,014
Infrastructure	15,024,750	643,500	-	15,668,250
Total at historical cost	34,580,105	722,493	121,450	35,181,148
Less accumulated depreciation:				
Buildings	6,858,860	346,143	-	7,205,003
Machinery & Equipment	507,610	67,880	68,977	506,513
Vehicles	65,698	24,026	11,789	77,935
Improvements	10,516	20,394	-	30,910
Infrastructure	5,521,596	279,020	-	5,800,616
Total accumulated depreciation	12,964,280	737,463	80,766	13,620,977
Governmental activities capital assets, net	21,615,825	(14,970)	40,684	21,560,171
<i>Business-type activities:</i>				
Land (non-depreciable)	242,000	-	-	242,000
Buildings	23,089,427	-	-	23,089,427
Machinery and Equipment	2,544,770	143,478	65,000	2,623,248
Vehicles	182,320	34,615	22,525	194,410
Infrastructure	14,431,700	569,784	-	15,001,484
Totals at historical cost	40,490,217	747,877	87,525	41,150,569
Less accumulated depreciation:				
Buildings	13,095,622	448,931	1	13,544,552
Machinery & Equipment	1,238,467	120,444	33,232	1,325,679
Vehicles	90,070	14,007	14,882	89,198
Infrastructure	7,576,643	369,499	-	7,946,141
Total accumulated depreciation	22,000,804	952,881	48,115	22,905,570
Business-type activities capital assets, net	18,489,413	(205,004)	39,410	18,244,999
Total Assets (net)	40,105,239			39,805,170

Long-Term Debt

At the end of April 2018, the City had outstanding long-term debt obligations for governmental and business-type activities in the amount of \$6,220,382 compared to \$6,970,492 in 2017. The 10.8% decrease in the City's long-term debt obligations is due to meeting the amortization schedules and the paying-off for these obligations.

The City's long-term debt is detailed below:

Type of Debt	Balance April 30,2017	Additions	Reductions	Balance April 30, 2018
General Obligation Bonds	3,805,000	-	245,000	3,560,000
Revenue Bonds	2,811,200	-	468,000	2,343,200
Notes Payable	354,292	-	37,110	317,182
Total Long-Term Debt	6,970,492			6,220,382

Economic Factors and Next Year's Budget

General Fund Revenue for fiscal year 2018-2019 is projected to be flat or a very small increase. Offsetting any increases in gross receipts (franchise fees) will be a reduction in fines from the court as recent legislation reduced the maximum amount of fine and also added more offenses to the list that have a maximum fine amount. The unfunded court mandates by the Missouri Legislature have had and will continue to have a chilling effect on the municipal court system.

Expenditures on the General Fund budget are expected to decrease in a like amount. Efficiencies are being sought in phone system realignment, postage reduction as residents move to a system to receive paperless billing via emails and reassignment of personnel within the court system to make up for the loss of revenue.

The Street fund budget is level from year to year as this fund is dependent on fuel taxes from the State of Missouri and a local ½ cent transportation sales tax. Both of these revenues are fairly consistent from year to year. Expenditures are expected to be minimal as the City prefers to accrue some funds for a number of years before a street project is undertaken.

The Park Fund budget is another fund that shows little movement on the revenue or expense side. A ½ cent sales tax is split between the park systems and storm-water systems as directed by State of Missouri Revised Statutes. Most expenditure is related to park and pool maintenance. There will be some expenditure on the development of a Veterans Memorial. Any improvements or new items are budgeted through the Capital Improvement Sales Tax or by accrual of funds for specific activities.

The Water Works Proprietary Fund continues to make improvements to water revenues. After several years of annual rate increases it is finally showing a better fund balance. It is expected to make a change in meter reading as the technology that is currently used will be changed out to newer equipment making for better efficiencies. This project may be able to use low interest loans from the state or local lenders. The project is currently in a feasibility stage and may not take place until fiscal year 2018-2019. A comprehensive rate study is now done annually to make sure that rates are correctly set.

The Wastewater Proprietary Fund has a healthy reserve and 1 large project is anticipated this year. This would be the removal of the Karen Dr Lift Station and the installation of a gravity line to replace it. A large note was paid off in 2016 for the installation of a lift station on Highway JJ. A large renovation at the treatment plant was completed in 2016 and the expansion of the plant in 2015 has it modernized and working efficiently. Inflow & Infiltration problems continue to be funded by a dedicated I&I fund through the sewer rate. A Small Communities Engineering Assistance Grant from the Missouri Department of Natural Resources starting in September of 2018 will be used to analyze I&I for a system wide approach. A comprehensive rate study is now done on an annual basis to make sure that rates are correctly set. The 2002 Series Bonds was due to be paid off in 2023, paying this bond off early with

reserves will save the city several thousand in interest and agent fees and will allow reserves to increase at a more rapid pace to replenish them.

Revenues from property taxes continue to be flat at a very conservative rate of less than 1/2% as it has annually for the past 17 years. Total assessed value has grown steadily at 1.5% annually for the last three years and at 4.7% when comparing the year 2000 to the year 2017. The annual tax levy has changed by 1/2% over the same time span.

In summary, the City continues to perform at a very steady rate and is relatively well financially. Continued emphasis on paying off long term debt and a philosophy of accruing funds before spending them has worked well for the City. Carl Junction continues to be an attractive place to live and new construction of homes is on a rather brisk pace. On an above average rate, the homes sell quickly and at a good market rate.

Requests for Information

This financial report is designed to provide a general overview of the City of Carl Junction, Missouri's finances for our citizens, taxpayers, customers, investors and creditors. It is to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, 303 N Main, Carl Junction, MO 64834

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF NET POSITION
APRIL 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 1,700,931	\$ 990,982	\$ 2,691,913
Internal balances	17,339	(17,339)	-
Prepaid Insurance	11,718	10,026	21,744
Taxes receivable	149,641	-	149,641
Accounts receivable, net	4,850	190,319	195,169
Total current assets	<u>2,046,353</u>	<u>1,173,988</u>	<u>3,220,341</u>
Restricted assets:			
Cash	558,082	331,401	889,483
Total restricted assets	<u>558,082</u>	<u>331,401</u>	<u>889,483</u>
Non-current assets:			
Capital assets:			
Land	445,000	242,000	687,000
Other capital assets, net of accumulated depreciation	21,115,171	18,002,999	39,118,170
Total non-current assets	<u>21,560,171</u>	<u>18,244,999</u>	<u>39,805,170</u>
Total Assets	<u>24,164,606</u>	<u>19,750,388</u>	<u>43,914,994</u>
DEFERRED OUTFLOWS OF RESOURCES			
Relating to pensions	438,095	-	438,095
Total Deferred Outflows of Resources	<u>438,095</u>	<u>-</u>	<u>438,095</u>
Total Assets and Deferred Outflows	<u>\$ 24,602,701</u>	<u>\$ 19,750,388</u>	<u>\$ 44,353,089</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF NET POSITION
APRIL 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 31,311	\$ 12,591	\$ 43,902
Pension payable	13,928	-	13,928
Accrued liabilities	195,033	102,389	297,422
Current maturities of long-term debt	292,562	191,240	483,802
Total current liabilities	532,834	306,220	839,054
Non-current liabilities:			
Meter deposits payable	-	175,213	175,213
Lease purchase agreement payable	3,519,315	2,217,265	5,736,580
Net pension liability	400,973	-	400,973
Total non-current liabilities	3,920,288	2,392,478	6,312,766
Total Liabilities	4,453,122	2,698,698	7,151,820
DEFERRED INFLOWS OF RESOURCES			
Relating to pensions	173,250	-	173,250
Total Deferred Inflows of Resources	173,250	-	173,250
Total Liabilities and Deferred Inflows	\$ 4,626,372	\$ 2,698,698	\$ 7,325,070
NET POSITION			
Net investment in capital assets	\$ 17,748,294	\$ 15,836,494	\$ 33,584,788
Nonspendable	11,718	-	11,718
Restricted for:			
Bond requirements	-	154,104	154,104
Street improvements	254,895	-	254,895
Shop with a Cop	12,986	-	12,986
Court Bonds	4,340	-	4,340
Deposits	4,800	181,047	185,847
Unrestricted	1,939,296	880,045	2,819,341
Total Net Position	\$ 19,976,329	\$ 17,051,690	\$ 37,028,019

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General and administrative	\$ (1,267,647)	\$ -	\$ -	\$ -	\$ (1,267,647)
Municipal court	(122,444)	-	-	-	(122,444)
Police department	(1,066,814)	183,651	114,502	-	(768,661)
Trash	-	67,537	-	-	67,537
Community service	(23,000)	-	-	-	(23,000)
Park department	(208,126)	-	-	-	(208,126)
Street	(621,100)	-	-	643,500	22,400
Capital improvements	(77,187)	-	-	38,386	(38,801)
Debt services	(242)	-	-	-	(242)
Total governmental activities	<u>(3,386,560)</u>	<u>251,188</u>	<u>114,502</u>	<u>681,886</u>	<u>(2,338,984)</u>
Business-type activities:					
Sewer fund	(1,392,471)	1,184,760	-	101,400	(106,311)
Water fund	(1,187,177)	1,140,338	-	57,992	11,153
Total business-type activities	<u>(2,579,648)</u>	<u>2,325,098</u>	<u>-</u>	<u>159,392</u>	<u>(95,158)</u>
Total primary government	<u><u>\$ (5,966,208)</u></u>	<u><u>\$ 2,576,286</u></u>	<u><u>\$ 114,502</u></u>	<u><u>\$ 841,278</u></u>	<u><u>\$ (2,434,142)</u></u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in net position:			
Net (expense) revenue	\$ (2,338,984)	\$ (95,158)	\$ (2,434,142)
General revenues:			
Taxes:			
Sales taxes:			
General	346,844	-	346,844
City	385,488	-	385,488
Motor vehicle	100,672	-	100,672
Motor fuel taxes	200,303	-	200,303
Property taxes	924,056	-	924,056
Franchise taxes (fees)	497,933	-	497,933
Dog pound	929	-	929
Licenses and permits	101,894	-	101,894
Intergovernmental rent	47,066	-	47,066
Interest income	1,044	637	1,681
Miscellaneous	138,668	83,027	221,695
Net transfers	182,894	(182,894)	-
Total general revenues	<u>2,927,791</u>	<u>(99,230)</u>	<u>2,828,561</u>
Net position—beginning	19,387,524	17,246,078	36,633,602
Change in net position	588,806	(194,388)	394,418
Round	(1)	-	(1)
Net position—ending	<u>\$ 19,976,329</u>	<u>\$ 17,051,690</u>	<u>\$ 37,028,019</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI

BALANCE SHEET
GOVERNMENTAL FUNDS

APRIL 30, 2018

	General Fund	Street Fund	Park Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Current assets:							
Cash	\$ 642,571	\$260,405	\$ 119,167	\$ 206,779	\$ 472,009	\$ 797,955	\$ 1,700,931
Internal balances	17,339	-	-	-	-	-	17,339
Prepaid insurance	10,628	1,090	-	-	-	-	11,718
Taxes receivable	80,388	-	-	-	69,253	69,253	149,641
Accounts receivable, net	4,850	-	-	-	-	-	4,850
	<u>917,650</u>	<u>261,495</u>	<u>119,167</u>	<u>206,779</u>	<u>541,262</u>	<u>867,208</u>	<u>2,046,353</u>
Restricted assets:							
Cash	558,082	-	-	-	-	-	558,082
	<u>558,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>558,082</u>
Total Assets	<u>\$ 1,475,732</u>	<u>\$261,495</u>	<u>\$ 119,167</u>	<u>\$ 206,779</u>	<u>\$ 541,262</u>	<u>\$ 867,208</u>	<u>\$ 2,604,435</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 20,346	\$ 5,499	\$ 643	\$ 4,823	\$ -	\$ 5,466	\$ 31,311
Pension payable	13,928	-	-	-	-	-	13,928
Accrued liabilities	195,022	11	-	-	-	-	195,033
Total Liabilities	<u>229,296</u>	<u>5,510</u>	<u>643</u>	<u>4,823</u>	<u>-</u>	<u>5,466</u>	<u>240,272</u>
Deferred Inflows of Resources:							
Non-current taxes receivable	82,836	-	-	-	71,424	71,424	154,260
Total Deferred Inflows of Resources	<u>82,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,424</u>	<u>71,424</u>	<u>154,260</u>
Fund Balances:							
Unassigned	292,302	-	-	-	-	-	292,302
Assigned	302,588	-	-	-	-	-	302,588
Committed	535,957	-	118,524	201,956	469,838	790,318	1,326,275
Restricted	22,125	254,895	-	-	-	-	277,020
Nonspendable	10,628	1,090	-	-	-	-	11,718
Total Fund Balances	<u>1,163,600</u>	<u>255,985</u>	<u>118,524</u>	<u>201,956</u>	<u>469,838</u>	<u>790,318</u>	<u>2,209,903</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,475,732</u>	<u>\$261,495</u>	<u>\$ 119,167</u>	<u>\$ 206,779</u>	<u>\$ 541,262</u>	<u>\$ 867,208</u>	<u>\$ 2,604,435</u>
Reconciliation to Statement of Net Position:							
Total fund balance - total governmental funds							\$ 2,209,903
Amounts reported for governmental activities in the statement of net position is different because:							
Capital assets used in governmental activities of \$35,181,148 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$13,620,977.							21,560,171
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.							154,260
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.							(3,811,877)
Pension benefits are reported as they are earned in the statement of net position:							
Net pension liability							(400,973)
Deferred outflow of resources relating to pension							438,095
Deferred inflow of resources relating to pension							(173,250)
Net position of governmental activities							<u>\$ 19,976,329</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 1,259,245	\$ 429,474	\$ 612,317	\$ 2,301,036
Fines	183,651	-	-	183,651
Trash	67,537	-	-	67,537
Grant	114,502	-	38,386	152,888
Dog pound	929	-	-	929
Licenses and permits	101,894	-	-	101,894
Intergovernmental rent	47,066	-	-	47,066
Non-cash contributions	-	643,500	-	643,500
Interest income	546	130	368	1,044
Miscellaneous	129,273	4,922	4,473	138,668
	<u>1,904,643</u>	<u>1,078,026</u>	<u>655,544</u>	<u>3,638,213</u>
Total Revenues				
Expenditures:				
Current:				
General and administrative	891,027	-	-	891,027
Health insurance premiums	352,090	-	-	352,090
Municipal court	122,444	-	-	122,444
Police department	979,213	-	-	979,213
Community service	23,000	-	-	23,000
Park department	-	-	108,785	108,785
Streets	-	846,800	-	846,800
Capital improvements	-	-	77,187	77,187
Debt service	-	-	242	242
Total Expenditures	<u>2,367,774</u>	<u>846,800</u>	<u>186,214</u>	<u>3,400,788</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (463,131)</u>	<u>\$ 231,226</u>	<u>\$ 469,330</u>	<u>\$ 237,425</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Operating transfers in	2,327,565	-	56,300	2,383,865
Operating transfers out	(1,652,300)	(132,365)	(416,306)	(2,200,971)
Total Other Financing Sources (Uses)	675,265	(132,365)	(360,006)	182,894
Net change in fund balances	212,134	98,861	109,324	420,319
Fund balances--beginning	951,466	157,124	680,994	1,789,584
Fund balances--ending	\$ 1,163,600	\$ 255,985	790,318	\$ 2,209,903

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ 420,319

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

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

Current year pension expense (51,792)

Some expenses in the governmental funds are recorded as a reduction in long-term liabilities in the statement of net position. This amount represents payments on various long-term payables.

264,506

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

11,427

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures to over the life of the assets:

Capital asset purchases capitalized 722,493
Net book value of asset disposals (40,684)
Depreciation expense (737,463)

Change in Net Position of Governmental Activities \$ 588,806

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2018

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
ASSETS			
Current assets:			
Cash	\$ 164,693	\$ 826,289	\$ 990,982
Prepaid insurance	3,670	6,356	10,026
Accounts receivable, net	92,368	97,951	190,319
Total current assets	<u>260,731</u>	<u>930,596</u>	<u>1,191,327</u>
Restricted assets:			
Cash	174,150	157,251	331,401
Total restricted assets	<u>174,150</u>	<u>157,251</u>	<u>331,401</u>
Non-current assets:			
Capital assets:			
Land	92,000	150,000	242,000
Other capital assets, net of accumulated depreciation	6,690,342	11,312,657	18,002,999
Total non-current assets	<u>6,782,342</u>	<u>11,462,657</u>	<u>18,244,999</u>
Total Assets	<u>\$ 7,217,223</u>	<u>\$ 12,550,504</u>	<u>\$ 19,767,727</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

APRIL 30, 2018

	Business-type Activities		Total Proprietary Funds
	Waterworks System Fund	Wastewater System Fund	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 639	\$ 11,952	\$ 12,591
Accrued liabilities	51,188	51,201	102,389
Internal balances	-	17,339	17,339
Current maturities of long-term debt	95,000	96,240	191,240
Total current liabilities	<u>146,827</u>	<u>176,732</u>	<u>323,559</u>
Non-current liabilities:			
Meter deposits payable	175,213	-	175,213
Lease Purchase Agreement payable	535,000	1,682,265	2,217,265
Total non-current liabilities	<u>710,213</u>	<u>1,682,265</u>	<u>2,392,478</u>
Total Liabilities	<u>857,040</u>	<u>1,858,997</u>	<u>2,716,037</u>
NET POSITION			
Net investment in capital assets	6,152,342	9,684,152	15,836,494
Restricted for:			
Bond requirement	2,687	151,417	154,104
Deposits	175,213	5,834	181,047
Unrestricted	29,941	850,104	880,045
Total Net Position	<u>6,360,183</u>	<u>10,691,507</u>	<u>17,051,690</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,217,223</u>	<u>\$ 12,550,504</u>	<u>\$ 19,767,727</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED APRIL 30, 2018

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
Operating Revenues:			
Charges for services:			
Water	\$ 1,087,222	\$ -	\$ 1,087,222
Sewer	-	1,168,338	1,168,338
Penalties	53,441	20,410	73,851
Miscellaneous	1,684	81,343	83,027
	<u>1,142,347</u>	<u>1,270,091</u>	<u>2,412,438</u>
Total Operating Revenues			
Operating Expenses:			
Accounting	4,377	4,377	8,754
Bad debts	6,083	7,805	13,888
Contract labor & engineering	14,739	39,450	54,189
Depreciation	378,837	574,044	952,881
Dues	3,630	3,530	7,160
General supplies	36,193	15,399	51,592
Insurance	21,706	40,621	62,327
Meter reading expense	49,517	-	49,517
Miscellaneous and travel	898	2,821	3,719
Office supplies	31,433	26,603	58,036
Payroll expenses	19,508	17,673	37,181
Professional fees	28,980	39,780	68,760
Repairs and maintenance	165,315	204,393	369,708
Retirement	28,928	26,112	55,040
Salaries	262,007	239,115	501,122
Sludge Removal	-	40,818	40,818
Training	1,384	1,530	2,914
Utilities	104,640	60,064	164,704
Vehicle	9,618	9,618	19,236
	<u>1,167,793</u>	<u>1,360,947</u>	<u>2,528,740</u>
Total Operating Expenses			
Operating Income (Loss)	(25,446)	(90,856)	(116,302)

(Continued)

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Waterworks System Fund</u>	<u>Wastewater System Fund</u>	
Non-Operating Revenues (Expenses):			
Interest and investment revenue	135	502	637
Interest expense	(19,384)	(31,524)	(50,908)
Loss on sale of assets	(324)	(3,988)	(4,312)
Non-cash contributions	101,400	57,992	159,392
 Total Non-Operating Revenues (Expenses)	<u>81,827</u>	<u>22,982</u>	<u>104,809</u>
 Net Income (Loss) Before Transfers	<u>56,381</u>	<u>(67,874)</u>	<u>(11,493)</u>
 Operating transfers in	151,368	97,289	248,657
Operating transfers out	(237,923)	(193,629)	(431,552)
 Change in net position	(30,174)	(164,214)	(194,388)
 Total net position - beginning	6,390,357	10,855,721	17,246,078
 Total net position - ending	<u>\$ 6,360,183</u>	<u>\$10,691,507</u>	<u>\$ 17,051,690</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	Business-type Activities		Total Proprietary Funds
	Waterworks System Fund	Wastewater System Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,239,947	\$ 1,331,272	\$ 2,571,219
Cash paid to suppliers and employees	(760,011)	(818,429)	(1,578,440)
Operating transfers in	151,368	97,289	248,657
Operating transfers out	(237,923)	(193,629)	(431,552)
Interest paid	(19,384)	(31,524)	(50,908)
Net Cash Provided by Operating Activities	<u>373,997</u>	<u>384,979</u>	<u>758,976</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(279,493)	(468,384)	(747,877)
Principal and interest paid on bonds, notes, and lease obligations	(95,000)	(390,603)	(485,603)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(342,070)</u>	<u>(852,000)</u>	<u>(1,194,070)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	31,927	(467,021)	(435,094)
Balances - beginning of the year	<u>306,916</u>	<u>1,450,561</u>	<u>1,757,477</u>
Balances - end of the year	<u>\$ 338,843</u>	<u>\$ 983,540</u>	<u>\$ 1,322,383</u>
Business-type Activities			
	Waterworks System Fund	Sewer Revenue Fund	Total Proprietary Funds
Net Income/Loss	\$ (30,174)	\$ (164,214)	\$ (194,388)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and Amortization expense	378,837	574,044	952,881
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(3,935)	2,687	(1,248)
Increase (decrease) in customer deposits payable	25,791	-	25,791
Increase (decrease) in accrued liabilities	9,923	9,921	19,844
Increase (decrease) in accounts payable	(6,445)	(37,459)	(43,904)
Net cash provided by operating activities	<u>\$ 373,997</u>	<u>\$ 384,979</u>	<u>\$ 758,976</u>

See accompanying notes to the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Carl Junction, Missouri operates as a fourth class city as provided for in Chapter 79 of the Missouri Revised Statutes. The City operates under an elected Mayor/Board of Aldermen/City Administrator form of government. The City's major operations include public safety, public works, recreation and general administrative services.

As discussed further in Note 1.A., the financial statements of the Governmental Funds are presented on a modified accrual basis of accounting. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified accrual basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Pensions- For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. A. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

1. A. 1. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018

and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The entity currently has four major funds: the General fund, the Street fund, the Waterworks fund, and the Wastewater fund.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018

<u>Fund</u>	<u>Brief Description</u>
Street Fund	Accounts for the portion of the city sales tax earmarked for transportation and intergovernmental transfers from the State received for street improvements. This fund is classified as a major fund.
Park Fund	Accounts for the portion of the city sales tax dedicated to maintenance of the City's park and stormwater systems.

Capital Improvement Fund

A Capital Improvement Fund is formed to account for the acquisition, construction, or improvement of major capital assets (other than those financed by proprietary funds, private organizations, or other governments).

Debt Service Fund

The Debt Service Fund is for the accumulation of resources for, and the payment of, principal and interest of the City's General Obligation Bond.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

<u>Fund</u>	<u>Brief Description</u>
Waterworks and Wastewater Funds	The Waterworks and Wastewater Funds were established to account for operations of the water and sewer system of the City of Carl Junction. Enterprise Funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing services to the general public on a continuing basis will be recovered or financed primarily through user charges. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Both funds are considered major funds.

1. A. 2. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item "b." below.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present resources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The length of time used to define available for purposes of revenue recognition in the governmental financial statements is sixty days from the end of the fiscal year.
- b. The proprietary fund statement incorporates the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Revenue is recognized when earned. Expenses are recorded when the liability is incurred or the economic asset used. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The cost of normal maintenance and repairs that does not add to the value of the assets or materially extend asset lives is not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

1. A. 3. RISK MANAGEMENT

The City of Carl Junction, Missouri is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA) that carries pooled high risk insurance which manages these various risk factors.

1. B. ASSETS, LIABILITIES, AND FUND BALANCES

1. B. 1. CASH

At April 30, 2018, the reported amount of the City’s deposits was \$3,612,316 and the bank balance was \$3,639,749. All of the bank balance was covered by federal depository insurance or by collateral held by the City’s agent in the City’s name.

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

April 30, 2018

1. B. 2. INVESTMENTS

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

1. B. 3. RECEIVABLES

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

	<u>Gross receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
Governmental	\$154,491	\$0	\$154,491
Proprietary	\$204,207	\$(13,888)	\$190,319

1. B. 4. CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation (with no expected salvage value). There is no formal capitalization threshold used to report capital assets.

The range of useful lives by type of asset is as follows:

- ◆ Buildings 50 years
- ◆ Machinery, furniture and equipment 5-20 years
- ◆ Vehicles 5-20 years

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

1. B. 5. GOVERNMENTAL FUND BALANCES

As required, the City of Carl Junction has applied GASB Statement No. 54 which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to observe constraints imposed upon the use of its resources reported in governmental funds. As such, the City has identified April 30, 2018 fund balances on the Balance Sheet as follows:

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

April 30, 2018

- a. The amounts shown as nonspendable consist of prepaid insurance balances.
- b. The amounts shown as restricted reflect fund balances restricted for specific use by external resource providers.
- c. The amounts shown as committed are funds that have been committed to specific uses by a formal action of the Carl Junction Board of Aldermen.
- d. The assigned amounts in funds other than the General Fund represent resources intended for the respective fund uses.

The City of Carl Junction considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

1. B. 6. DUE FROM/TO OTHER FUNDS AND TRANSFERS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, the amounts reported as intergovernmental activity and balances in the fund financial statements have been eliminated or reclassified. However, internal balances, amounts reported in the fund financial statements as intergovernmental receivables and payables reported as Due to or Due from other funds, are expected to be repaid to the lending Fund. The Due to/Due from balances for the current year are as follows:

Due from Wastewater Fund to General Fund	\$17,339
Due to General from Wastewater	(\$17,339)

1. C. REVENUES, EXPENDITURES, AND EXPENSES

1. C. 1. PROPERTY TAX

Property taxes are an enforceable lien on property as of January 1. Taxes are levied November 1 and are due and payable in full by December 31; unpaid taxes become delinquent after December 31. The assessed valuation of the tangible real property for the calendar year 2017 for the purposes of local taxation was:

General	\$41,555,764
Debt Service	\$35,601,024

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

General Fund	\$.4892
Debt Service Fund	\$.4191
	\$.9083

1. C. 2. SALES TAX

The City levies a 1% general sales tax, a ½% transportation sales tax, a ½% parks/stormwater sales tax and a ½% capital improvements sales tax on taxable sales within the City. The tax is collected by the Missouri Department of Revenue and remitted to the City.

**CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018**

1. C. 3. OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

1. C. 4. EXPENDITURES/EXPENSES

In the government-wide financial statement, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities. In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

1. D. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws, regulations, grants and contracts and demonstration of its stewardship of City resources follows:

2. A. REVENUE RESTRICTIONS

For the year ended April 30, 2018, the City was in compliance with certain restrictions placed over revenue sources from state, local, or debt requirements. The primary restricted revenue sources include:

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

2. B. DEBT RESTRICTIONS AND COVENANTS

Business-type Activity Debt

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

1. Particular Covenants of the City:
 - a. The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the System as will produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal and interest on the Bonds as and when due; (c) enable the City to have

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018

in each Fiscal Year Net Revenues Available for Debt Service of not less than 110% of the amount required to be paid by the City in the Fiscal Year on account of both principal of and interest on all System Revenue Bonds at the time outstanding; and (d) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in Ordinance 02-13. The City met this test.

- b. The annual amount required by the User Charge Ordinance to be deposited in the Water Repair and Replacement Account is \$16,200. The City met this requirement.

NOTE 3. DETAILED NOTES ON FUNDS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3. A. ASSETS

3. A. 1. DEPOSITS

The City has adopted formal investment policies or policies related to custody credit risk for City moneys.

3. A. 2. CAPITAL ASSETS

Capital asset activity resulting from accrual based transactions for the fiscal year ended April 30, 2018, was as follows:

	Balance at May 1, 2017	Additions	Deductions	Balance at April 30, 2018
<i>Governmental activities:</i>				
Land (non-depreciable)	\$ 445,000	\$ 0	\$ 0	\$ 445,000
Buildings	17,307,141	0	0	17,307,141
Machinery and Equipment	1,272,290	1,600	107,500	1,166,390
Vehicles	169,469	51,834	13,950	207,353
Improvements	361,455	25,559	0	387,014
Infrastructure	15,024,750	643,500	0	15,668,250
Totals at historical cost	34,580,105	722,493	121,450	35,181,148
Less accumulated depreciation:				
Buildings	6,858,860	346,143	0	7,205,003
Machinery & Equipment	507,610	67,880	68,977	506,513
Vehicles	65,698	24,026	11,789	77,935
Improvements	10,516	20,394	0	30,910
Infrastructure	5,521,596	279,020	0	5,800,616
Total accum. depreciation	12,964,280	737,463	80,766	13,620,977
Governmental activities capital assets, net	\$ 21,615,825	\$(14,970)	\$ 40,684	\$ 21,560,171
<i>Business-type activities:</i>				
Land (non-depreciable)	\$ 242,000	\$0	\$ 0	\$ 242,000
Buildings	23,089,427	0	0	23,089,427
Machinery and Equipment	2,544,770	143,478	65,000	2,623,248
Vehicles	182,320	34,615	22,525	194,410
Infrastructure	14,431,700	569,784	0	15,001,484
Totals at historical cost	40,490,217	747,877	87,525	41,150,569

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018

Less accumulated depreciation:				
Buildings	13,095,622	448,931	1	13,544,552
Machinery and Equipment	1,238,467	120,444	33,232	1,325,679
Vehicles	90,070	14,007	14,882	89,198
Infrastructure	7,576,643	369,499	0	7,946,141
Total accum. depreciation	22,000,804	952,881	48,115	22,905,570
Business-type activities capital assets, net	18,489,413	(205,004)	39,410	18,244,999
Total Assets (net)				\$ 39,805,170

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

<u>Governmental Activities</u>	
General Fund	\$257,493
Street Fund	\$353,470
Park Fund	\$126,500
<u>Business-Type Activities</u>	
Water/ Fund	\$378,837
Wastewater Fund	\$574,044

3. A. 3. RESTRICTED ASSETS

Restricted assets include cash and investments that are legally restricted as to their use by statute or contract. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

The amounts reported as restricted cash are comprised of amounts held by the various funds. The following table shows the breakdown and classification of the amounts:

<u>Classification</u>	<u>Amount</u>
Court Bonds	4,340
Shop with a Cop	12,985
Reserves	535,957
Building Deposit	4,800
Wastewater Repair & Replacement	151,417
FRPV Deposit	5,834
Waterworks Repair & Replacement	8,453
Water Deposits	165,697
	<u>\$ 889,483</u>

3. B. LIABILITIES

3. B. 1. REFUNDABLE DEPOSITS/BONDS

Refundable deposits reported as a fund liability within the Statement of Net Position are comprised of the following:

Water Deposits Payable	\$175,213
Sewer Deposits Payable	5,834
Building Deposits Payable	4,800

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018

3. B. 2. LONG-TERM LIABILITIES

At year end, obligations consisted of the following:

On November 4, 2005, the City assumed a promissory note In the amount of \$99,952 with the Department of Natural Resources For the costs of the design, acquisition, installation, and Implementation of energy conservation measures. Repayment Is made with annual payments of \$6,247 at 0% interest. Maturity Date is August 1, 2021.	21,865
On July 30, 2008, the City authorized 2012B Series General Obligation Bonds in the amount of \$4,245,000. Interest rates from 3.75% to 5.10%. Maturity date is March 2028.	3,560,000
On April 3, 2003, the City authorized Series 2003 bonds for water system improvements in the amount of \$1,760,000. Interest rates vary from 2.00% to 4.70%. Maturity date is January 2024.	630,000
On February 16, 2016, the City entered into a promissory note with the Missouri Department of Economic Development/ Division of Energy for solar arrays in the amount of \$358,000 at an interest rate of 2.75%. Maturity date is February 16, 2026.	295,317
On September 19, 2013, the City authorized Series 2013 bonds for sewer system improvements in the amount of \$2,050,000. Interest at 1.55%. Maturity date is July 1, 2034.	<u>1,713,200</u>
Total	\$6,220,382
Less portion considered current	<u>(483,802)</u>
Total Long-Term Liabilities	<u>\$5,736,580</u>

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

Year Ending	Principal	Interest
<u>April 30,</u>	<u> </u>	<u> </u>
2019	483,802	181,618
2020	506,731	166,632
2021	535,686	150,876
2022	560,544	125,951
2023	701,429	123,593
2024-2028	2,247,990	291,948
2029-2033	1,073,000	57,007
2034-2038	<u>111,200</u>	<u>2,991</u>
Total	<u>\$ 6,220,382</u>	<u>\$ 1,100,616</u>

Total interest expense on the above liabilities was \$175,525 during the year ended April 30, 2018.

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended April 30, 2018:

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018

Type of Debt	Balance April 30, 2017	Additions	Reductions	Balance April 30, 2018
General Obligation Bonds	\$3,805,000	\$ 0	\$245,000	\$3,560,000
Revenue Bonds	2,811,200	0	468,000	2,343,200
Notes Payable	354,292	0	37,110	317,182
Total Long-Term Debt				\$6,220,382

NOTE 4. OTHER NOTES

4. A. CONTINGENCIES

4. A. 1. CONTINGENCIES

No contingencies of significance were noted other than possible liabilities of an indeterminable amount relating to two legal claims against the City.

4. B. FISCAL RESPONSIBILITY

The Board of Aldermen follow the following procedures in the preparation of the budget:

1. Prior to May 1, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing May 1.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to May 1, the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for all funds.

Section 67.040 of RSMo 1994 provides that a City may not exceed the authorized expenditures in the approved budget without adopting a resolution which sets forth the facts and reasons for making an increase necessary and approves or adopts an order, motion, resolution or ordinance to authorize the expenditures.

NOTE 5. PENSIONS

5. A. PENSIONS

Plan Description – The City’s defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS’ responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt. The responsibility for operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publically available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided – LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after five years of credited service. Employees who retire on or after age 60 (55 for police) with five or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement

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

April 30, 2018

benefit with a minimum of five years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	<u>2017 Valuation</u>
Benefit multiplier:	2%
Final Average Salary:	5 years
Member Contribution Rate:	4%

Benefit terms provide for annual postretirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms -- At April 30, 2018 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>31</u>
Total	<u>53</u>

Contributions -- The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is an estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rates are 12.2% (general) and 10% (police) of annual covered payroll.

Net Pension Liability -- The City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial assumptions -- The total pension liability in the February 28, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the February 28, 2017, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

CITY OF CARL JUNCTION, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2018

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43%	5.29%
Fixed Income	26%	2.93%
Real Assets	21%	3.31%
Strategic Assets	10%	5.73%

Discount rate -- The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and actuarially determined rates for employers. Based on these assumptions, the pensions plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at 6/30/16	\$3,252,361	\$2,672,872	
Changes for the year:			
Service Cost	134,111		
Interest	236,932		
Changes of Benefit Terms	0		
Diff Between Exp/Actual	(28,526)		
Employer Contributions		125,755	
Employee Contributions		46,577	
Net Investment Income		328,598	
Changes of Assumptions	(16,572)		
Benefit Payments	(69,233)	(69,233)	
Administrative Expense		(3,878)	
Other Changes		7,409	
Net Changes	256,712	435,228	
Balances at 6/30/17	\$3,509,073	\$3,108,100	\$400,973

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

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
\$951,162	\$400,973	\$(48,507)

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

April 30, 2018

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -- For the year ended April 30, 2018, the employer recognized pension expense of \$188,163.

The employer reported Deferred Outflows and Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$57,824	\$(68,436)
Changes in assumptions	92,008	0
Excess (deficit) investment returns	66,607	0
Contributions subsequent to the measurement date*	116,842	0
Total	\$333,281	\$(68,436)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending April 30, 2019.

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

Year Ended:	
2018	\$ 64,809
2019	181,653
2020	33,681
2021	(10,421)
2022	(4,751)
Thereafter	<u>(126)</u>
Total	\$264,845

At April 30, 2018, The City reported a payable of \$13,928 for the outstanding amount of contributions to the pension plan required for the year ended April 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information (RSI) includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule
 - General Fund
 - Street Fund
- Notes to RSI – Budgetary Comparison Schedule
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributors

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 951,466	\$ 951,466	\$ 951,466	\$ -
Resources (Inflows):				
Taxes:				
Sales taxes:				
General	330,000	330,000	346,844	16,844
Property taxes	410,000	410,000	414,468	4,468
Franchise (fees):				
Franchise	539,300	539,300	497,933	(41,367)
Total Taxes	<u>1,279,300</u>	<u>1,279,300</u>	<u>1,259,245</u>	<u>(20,055)</u>
Intergovernmental:				
Rent	<u>44,600</u>	<u>44,600</u>	<u>47,066</u>	<u>2,466</u>
Charges for Services:				
Trash	<u>65,000</u>	<u>65,000</u>	<u>67,537</u>	<u>2,537</u>
Fines and Forfeitures:				
Dog pound	1,500	1,500	929	(571)
Fines	70,000	70,000	183,651	113,651
Total Fines and Forfeitures	<u>71,500</u>	<u>71,500</u>	<u>184,580</u>	<u>113,080</u>
Licenses and Permits	<u>72,500</u>	<u>72,500</u>	<u>101,894</u>	<u>29,394</u>
Investment Income	<u>300</u>	<u>300</u>	<u>546</u>	<u>246</u>
Miscellaneous:				
Grants	80,000	80,000	83,590	3,590
Donations	-	-	30,912	30,912
Other	3,550	3,550	129,273	125,723
Total Miscellaneous	<u>83,550</u>	<u>83,550</u>	<u>243,775</u>	<u>160,225</u>
Other Financing Sources:				
Operating transfers from other funds	<u>1,299,107</u>	<u>1,299,107</u>	<u>2,327,565</u>	<u>1,028,458</u>
Total Other Financing Sources	<u>1,299,107</u>	<u>1,299,107</u>	<u>2,327,565</u>	<u>1,028,458</u>
Amounts available for appropriation	<u>3,867,323</u>	<u>3,867,323</u>	<u>5,183,674</u>	<u>1,316,351</u>

(Continued)

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
General and Administrative				
All salaries	144,912	144,912	168,440	(23,528)
Accounting	3,000	3,000	3,125	(125)
Advertising	400	400	438	(38)
Attorney fees	4,875	4,875	5,995	(1,120)
Cleaning	21,600	21,600	24,976	(3,376)
Contract personnel	160	160	8,432	(8,272)
Dues and subscriptions	14,000	14,000	17,651	(3,651)
Election expense	4,000	4,000	3,313	687
General supplies	13,100	13,100	16,490	(3,390)
Health Insurance	19,752	19,752	29,899	(10,147)
Insurance	11,793	11,793	12,512	(719)
Interest	123,556	123,556	122,551	1,005
Loan payments	254,382	254,382	249,972	4,410
Miscellaneous	3,000	23,000	44,502	(21,502)
Payroll taxes	11,523	11,523	11,190	333
Printing, postage, office supplies	42,250	42,250	41,555	695
Repairs and maintenance	23,000	46,000	35,740	10,260
Retirement	10,245	10,245	14,499	(4,254)
Training	11,000	11,000	7,710	3,290
Utilities	51,450	57,250	44,445	12,805
Vehicle	3,150	3,150	5,342	(2,192)
Capital outlay	10,000	10,000	24,975	(14,975)
Total General and Administrative	<u>781,148</u>	<u>829,948</u>	<u>893,752</u>	<u>(63,804)</u>
Police Department:				
Animal Control	6,500	6,500	4,080	2,420
Equipment purchases	15,000	30,000	29,756	244
Cleaning	6,000	6,000	7,656	(1,656)
General supplies	14,500	14,500	5,726	8,774
Health insurance	1,000	1,000	818	182
Insurance	55,220	55,220	53,459	1,761
Interest	-	-	1,244	(1,244)
Miscellaneous	22,550	7,350	6,830	520
Loan payments	6,247	6,247	11,219	(4,972)
Office supplies	25,000	25,000	21,957	3,043
Payroll taxes	47,003	47,003	44,356	2,647
Repairs and maintenance	18,500	24,800	20,186	4,614
Retirement	53,214	53,214	60,153	(6,939)
Salary	588,273	588,273	627,917	(39,644)
Training	12,800	12,800	7,605	5,195
Utilities	18,000	33,800	28,940	4,860
Vehicle	28,800	28,800	26,275	2,525
Capital Outlay	30,000	30,000	25,150	4,850
Total Police Department	<u>948,607</u>	<u>970,507</u>	<u>983,327</u>	<u>(17,670)</u>

(Continued)

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Health insurance expense	348,585	348,585	352,090	(3,505)
Total Health Insurance Premiums	<u>348,585</u>	<u>348,585</u>	<u>352,090</u>	<u>(3,505)</u>
Community Service:				
Miscellaneous	-	-	23,000	(23,000)
Total Community Service	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>(23,000)</u>
Municipal Court:				
Court expenses	-	-	122,444	(122,444)
Total Municipal Court	<u>-</u>	<u>-</u>	<u>122,444</u>	<u>(122,444)</u>
Other Financing Uses:				
Operating transfers to other funds	1,341,107	1,398,107	1,652,300	(254,193)
Total Other Financing Uses	<u>1,341,107</u>	<u>1,398,107</u>	<u>1,645,461</u>	<u>(247,354)</u>
Total Charges to Appropriations	3,419,447	3,547,147	4,020,074	(472,927)
Ending Budgetary Fund Balance	<u>\$ 447,876</u>	<u>\$ 320,176</u>	<u>\$ 1,163,600</u>	<u>\$ 843,424</u>

**CITY OF CARL JUNCTION, MISSOURI
BUDGETARY COMPARISON SCHEDULE
STREET FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 157,124	\$ 157,124	\$ 157,124	\$ -
Resources (Inflows):				
Taxes:				
Sales taxes:				
Transportation	125,000	125,000	128,499	3,499
Motor vehicle	100,000	100,000	100,672	672
Motor fuel	200,000	200,000	200,303	303
Total Taxes	<u>425,000</u>	<u>425,000</u>	<u>429,474</u>	<u>4,474</u>
Investment Income	<u>100</u>	<u>100</u>	<u>130</u>	<u>30</u>
Miscellaneous:				
Non-cash contributions	-	-	643,500	643,500
Other	700	700	4,922	4,222
Total Miscellaneous	<u>700</u>	<u>700</u>	<u>648,422</u>	<u>647,722</u>
Amounts available for appropriation	<u>582,924</u>	<u>582,924</u>	<u>1,235,150</u>	<u>652,226</u>
Charges to Appropriations (Outflows):				
Expenses				
Accounting	4,525	4,525	5,786	(1,261)
Equipment purchases	21,000	21,000	1,347	19,653
Contract labor	3,360	3,360	1,869	1,491
Dues	1,000	1,000	1,771	(771)
Interest	-	-	830	(830)
Fuel	10,100	10,100	9,637	463
Health insurance	8,580	8,580	429	8,151
Insurance	8,678	8,678	5,687	2,991
Miscellaneous	1,000	1,000	704	296
Payroll expenses	6,464	6,464	5,680	784
Repairs and maintenance	16,000	16,000	14,675	1,325
Retirement	7,147	7,147	7,667	(520)
Road materials	20,000	20,000	17,856	2,144
Salaries	72,073	75,073	70,176	4,897
Supplies	5,300	5,300	5,501	(201)
Training	500	500	213	287
Utilities	58,000	58,000	59,557	(1,557)
Capital Outlay	-	-	604,977	(604,977)
Total Expenses	<u>243,727</u>	<u>246,727</u>	<u>817,677</u>	<u>(570,950)</u>
Other Financing Uses:				
Operating transfers to other funds	143,000	143,000	132,365	10,635
Loss on sale of asset	-	-	29,123	(29,123)
Total Other Financing Uses	<u>143,000</u>	<u>143,000</u>	<u>161,488</u>	<u>(18,488)</u>
Total Charges to Appropriations	<u>386,727</u>	<u>389,727</u>	<u>979,165</u>	<u>(589,438)</u>
Ending Budgetary Fund Balance	<u>\$ 196,197</u>	<u>\$ 193,197</u>	<u>\$ 255,985</u>	<u>\$ 62,788</u>

**CITY OF CARL JUNCTION, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED APRIL 30, 2018**

Budgetary Accounting

The City prepares its budgets for the General and Street funds on the modified accrual basis of accounting as applied to the governmental funds in the basic financial statements.

Although the City is required to prepare an annual budget for all funds, there is no requirement to report on the budget for proprietary funds or non-major governmental funds. Therefore, the schedule includes the comparison of budget to actual only for the major governmental funds with a legally adopted budget.

CITY OF CARL JUNCTION, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability			
Service Cost	\$ 134,111	\$ 113,932	\$ 105,849
Interest on Total Pension Liability	236,932	190,218	171,668
Changes of Benefit Terms	-	296,229	-
Difference Between Expected and Actual Experience	(28,526)	(4,913)	60,673
Changes of Assumptions	(16,572)	139,540	-
Benefit Payments, Including Refunds	(69,233)	(98,989)	(74,072)
Net Change in Total Pension Liability	<u>256,712</u>	<u>636,017</u>	<u>264,118</u>
Total Pension Liability - Beginning	3,252,361	2,616,344	2,352,226
Total Pension Liability - Ending (a)	<u>\$ 3,509,073</u>	<u>\$ 3,252,361</u>	<u>\$ 2,616,344</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 125,755	\$ 96,338	\$ 104,892
Contributions - Employee	46,577	43,066	44,363
Net Investment Income	328,598	(4,468)	49,120
Benefit Payments, Including Refunds	(69,233)	(98,989)	(74,072)
Pension Plan Administrative Expense	(3,878)	(3,871)	(4,008)
Other (Net Transfer)	7,409	15,511	39,568
Net Change in Plan Fiduciary Net Position	<u>435,228</u>	<u>47,587</u>	<u>159,863</u>
Plan Fiduciary Net Position - Beginning	<u>2,672,872</u>	<u>2,625,285</u>	<u>2,465,422</u>
Plan Fiduciary Net Position - Ending (b)	3,108,100	2,672,872	2,625,285
Net Pension Liability/(Asset), Ending=(a)-(b)	<u>\$ 400,973</u>	<u>\$ 579,489</u>	<u>\$ (8,941)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.57%	82.18%	100.34%
Covered-Employee Payroll	\$ 1,155,730	\$ 1,079,412	\$ 1,063,111
Net Pension Liability as a Percentage of Covered Employee Payroll	34.69%	53.69%	-0.8410%

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

Fiscal Year Ending April 30	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2009	49,184	47,972	1,211.13	937,565	5.12%
2010	59,309	59,309	0.45	1,016,665	5.83%
2011	81,679	69,066	12,613.36	1,004,319	6.88%
2012	80,075	80,075	(0.17)	1,026,525	7.80%
2013	83,843	83,843	(0.07)	1,091,934	7.68%
2014	100,548	100,548	(0.45)	997,052	10.08%
2015	105,581	105,582	(0.34)	1,092,557	9.66%
2016	96,264	96,264	0.17	1,117,988	8.61%
2017	124,425	124,425	(0.10)	1,164,236	10.69%
2018	137,855	136,371	1,483.83	1,188,585	11.47%

Notes to Schedule:

Valuation Date: February 28, 2017

The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple Bases from 13 to 26 years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Inflation	3.25% Wage Inflation; 2.5% Price Inflation
Salary Increases	3.25% to 6.55% Including Wage Inflation
Investment Rate of Return	7.25%, net of investment and administrative expenses
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality tables for males and females. The disabled reitree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other Information	None

OTHER SUPPLEMENTARY INFORMATION

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

CITY OF CARL JUNCTION, MISSOURI
**COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS**
 APRIL 30, 2018

	Park Fund	Capital Improvements Fund	Debt Service Fund	Total Other Governmental Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 119,167	\$ 206,779	\$ 472,009	\$ 797,955
Accounts receivable, net	-	-	69,253	69,253
Total current assets	<u>119,167</u>	<u>206,779</u>	<u>541,262</u>	<u>867,208</u>
Total Assets	<u>\$ 119,167</u>	<u>\$ 206,779</u>	<u>\$ 541,262</u>	<u>\$ 867,208</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 643	\$ 4,823	\$ -	\$ 5,466
Total Liabilities	<u>643</u>	<u>4,823</u>	<u>-</u>	<u>5,466</u>
Deferred Inflows of Resources:				
Non-current taxes receivable	-	-	71,424	71,424
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>71,424</u>	<u>71,424</u>
Fund Balances:				
Committed	<u>118,524</u>	<u>201,956</u>	<u>469,838</u>	<u>790,318</u>
Total Fund Balances	<u>118,524</u>	<u>201,956</u>	<u>469,838</u>	<u>790,318</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 119,167</u>	<u>\$ 206,779</u>	<u>\$ 541,262</u>	<u>\$ 867,208</u>

CITY OF CARL JUNCTION, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2018

	<u>Park Fund</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
Revenues:				
Sales taxes:				
Taxes	\$ 128,490	\$ 128,499	\$ 355,328	\$ 612,317
Grant	-	38,386	-	38,386
Interest income	35	84	249	368
Miscellaneous	4,473	-	-	4,473
Total Revenues	<u>132,998</u>	<u>166,969</u>	<u>355,577</u>	<u>655,544</u>
Expenditures:				
Current:				
Park department	108,785	-	-	108,785
Capital improvements	-	77,187	-	77,187
Debt service	-	-	242	242
Total Expenditures	<u>108,785</u>	<u>77,187</u>	<u>242</u>	<u>186,214</u>
Excess (deficiency) of revenues over expenditures	24,213	89,782	355,335	469,330
Other Financing Sources (Uses):				
Operating transfers in	56,300	-	-	56,300
Operating transfers out	(50,000)	-	(366,306)	(416,306)
Total Other Financing Sources (Uses)	<u>6,300</u>	<u>-</u>	<u>(366,306)</u>	<u>(360,006)</u>
Net change in fund balances	30,513	89,782	(10,971)	109,324
Fund balances--beginning	88,011	112,174	480,809	680,994
Fund balances--ending	<u>\$ 118,524</u>	<u>\$ 201,956</u>	<u>\$ 469,838</u>	<u>\$ 790,318</u>

TAYLOR GREEN PC

602 W. McCord Street
PO Box 150
Neosho, MO 64850

A Certified Public Accounting Firm

Phone: (417) 451-3036
Fax: (417) 451-3037

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and Board of Alderpersons
City of Carl Junction
303 N. Main Street
Carl Junction, Missouri 64834

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2018, 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 26, 2018.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carl Junction, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Carl Junction, Missouri's internal control.

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

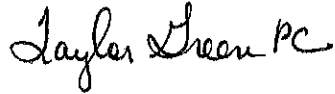
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Carl Junction, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Taylor Green PC".

Taylor Green PC

Neosho, Missouri

September 26, 2018