

CITY OF CARL JUNCTION, MISSOURI

Audited Financial Statements

Year ended April 30, 2014

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of cash receipts, disbursements and changes in cash balances – all funds; and cash receipts, disbursements, and changes in cash balances – budget and actual for each individual fund of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City's 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 the cash basis of accounting described in Note 1 to the financial statements; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the financial statements are prepared using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the cash basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Carl Junction, Missouri as of April 30, 2014, or changes in financial position and cash flows thereof for the year then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the financial statements.

Basis for Qualified Opinion on Cash Basis of Accounting

The Statements of General Fund and Special Revenue Fund receipts, expenditures, and cash balances do not include all the Municipal Bond and Municipal Court Fund receipts and expenditures for the year ended April 30, 2014. The amount by which this omission would affect the receipts, expenditures and cash balances has not been determined.

Qualified Opinion on Cash Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Cash Basis of Accounting" paragraph above, the financial statements referred to above present fairly, in all material respects, the cash balances of the City of Carl Junction, Missouri as of April 30, 2014, and the cash receipts and expenditures, and budgetary results for the year ended in accordance with the financial reporting basis of accounting described in Note 1.



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

Joplin, Missouri
October 25, 2014

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - All Funds
For the year ended April 30, 2014

Funds	Beginning Cash Balances May 1, 2013	Cash Receipts	Disbursements	Ending Cash Balances April 30, 2014
General Fund	\$ 229,561.80	\$ 1,451,644.06	\$ 1,524,144.62	\$ 157,061.24
Special Revenue Funds	635,952.52	794,096.95	804,197.48	625,851.99
Debt Service Fund	365,311.34	342,754.00	278,583.12	429,482.22
Capital Projects Fund	25,961.48	154,264.36	151,552.49	28,673.35
Enterprise Funds	1,305,765.17	2,629,675.86	1,839,200.79	2,096,240.24
	<u>\$ 2,562,552.31</u>	<u>\$ 5,372,435.23</u>	<u>\$ 4,597,678.50</u>	<u>\$ 3,337,309.04</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
General Fund
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 937,320.00	\$ 937,320.00	\$ 953,220.59	\$ 15,900.59
Intergovernmental	30,000.00	30,000.00	46,389.10	16,389.10
Licenses and permits	32,000.00	32,000.00	34,106.60	2,106.60
Charges for services	88,100.00	88,100.00	96,011.52	7,911.52
Fines, forfeits and penalties	80,500.00	80,500.00	83,547.47	3,047.47
Uses of money and property	29,010.00	29,010.00	27,333.37	(1,676.63)
Miscellaneous and insurance proceeds	17,750.00	17,750.00	31,035.41	13,285.41
Transfers in	223,597.00	223,597.00	180,000.00	(43,597.00)
Total Cash Receipts	<u>\$ 1,438,277.00</u>	<u>\$ 1,438,277.00</u>	<u>\$ 1,451,644.06</u>	<u>\$ 13,367.06</u>
Disbursements				
Animal control	\$ 4,500.00	\$ 4,500.00	\$ 6,491.70	\$ (1,991.70)
Auto expense	100.00	100.00	88.80	11.20
Capital outlay	112,289.00	112,289.00	116,053.50	(3,764.50)
Education and training	12,700.00	13,700.00	12,820.84	879.16
Election expense	4,000.00	8,000.00	7,607.50	392.50
Fringe benefits	162,840.00	162,840.00	161,674.45	1,165.55
Gas and oil	50,110.00	40,000.00	40,322.34	(322.34)
Insurance	59,110.00	59,110.00	62,994.88	(3,884.88)
Janitorial expense	28,000.00	28,000.00	34,089.74	(6,089.74)
Membership dues	1,800.00	1,800.00	2,413.01	(613.01)
Miscellaneous	6,600.00	31,600.00	38,577.10	(6,977.10)
Office supplies and expense	49,000.00	66,400.00	75,887.37	(9,487.37)
Other supplies	12,780.00	12,780.00	17,507.78	(4,727.78)
Payroll expense	728,302.00	728,302.00	749,059.70	(20,757.70)
Prisoner expense	1,000.00	1,000.00	377.21	622.79
Professional fees	14,992.00	14,992.00	11,551.45	3,440.55
Repairs and maintenance	45,350.00	50,350.00	44,720.66	5,629.34
Retirement	55,721.00	55,721.00	49,552.78	6,168.22
Telephone	17,700.00	17,700.00	22,468.16	(4,768.16)
Uniforms	4,950.00	4,950.00	3,700.38	1,249.62
Utilities	69,400.00	69,400.00	66,185.27	3,214.73
Total Disbursements	<u>\$ 1,441,244.00</u>	<u>\$ 1,483,534.00</u>	<u>\$ 1,524,144.62</u>	<u>\$ (40,610.62)</u>
Excess of Cash Receipts Over (Under) Disbursements	\$ (2,967.00)	\$ (45,257.00)	\$ (72,500.56)	\$ (27,243.56)
Cash - Beginning of Year	229,561.80	229,561.80	229,561.80	-
Cash - End of Year	<u>\$ 226,594.80</u>	<u>\$ 184,304.80</u>	<u>\$ 157,061.24</u>	<u>\$ (27,243.56)</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Special Revenue Funds
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 380,000.00	\$ 380,000.00	\$ 504,548.47	\$ 124,548.47
Intergovernmental	255,000.00	255,000.00	272,573.80	17,573.80
Licenses and permits	1,000.00	1,000.00	380.00	(620.00)
Charges for services	5,500.00	5,500.00	4,978.21	(521.79)
Uses of money and property	900.00	900.00	1,011.42	111.42
Miscellaneous and insurance proceeds	500.00	500.00	10,605.05	10,105.05
Total Cash Receipts	\$ 642,900.00	\$ 642,900.00	\$ 794,096.95	\$ 151,196.95
Disbursements				
Auto expense	\$ 60.00	\$ 60.00	\$ -	\$ 60.00
Capital outlay	7,903.00	11,278.00	9,677.11	1,600.89
Clothing allowance	800.00	800.00	415.75	384.25
Education and training	100.00	100.00	-	100.00
Fringe benefits	14,380.00	14,380.00	14,434.64	(54.64)
Gas and oil	15,000.00	15,000.00	14,089.59	910.41
Insurance	11,570.00	11,570.00	10,321.19	1,248.81
Membership dues	1,000.00	1,000.00	1,297.79	(297.79)
Miscellaneous	650.00	650.00	9,861.74	(9,211.74)
Office supplies and expense	200.00	200.00	89.21	110.79
Other supplies	52,570.00	52,570.00	20,068.94	32,501.06
Payroll expense	104,130.00	144,965.00	152,100.26	(7,135.26)
Professional fees	61,650.00	61,650.00	29,286.99	32,363.01
Repairs and maintenance	205,250.00	230,168.00	218,108.11	12,059.89
Retirement	8,547.00	8,547.00	13,342.89	(4,795.89)
Street lighting	40,000.00	40,000.00	42,674.66	(2,674.66)
Telephone	2,050.00	2,050.00	1,707.85	342.15
Transfers out	337,803.00	337,803.00	253,000.00	84,803.00
Utilities	11,100.00	11,100.00	13,720.76	(2,620.76)
Total Disbursements	\$ 874,763.00	\$ 943,891.00	\$ 804,197.48	\$ 139,693.52
Excess of Cash Receipts Over (Under) Disbursements	\$ (231,863.00)	\$ (300,991.00)	\$ (10,100.53)	\$ 290,890.47
Cash - Beginning of Year	635,952.52	635,952.52	635,952.52	-
Cash - End of Year	<u>\$ 404,089.52</u>	<u>\$ 334,961.52</u>	<u>\$ 625,851.99</u>	<u>\$ 290,890.47</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Debt Service Fund
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 300,000.00	\$ 300,000.00	\$ 342,080.42	\$ 42,080.42
Uses of money and property	700.00	700.00	673.58	(26.42)
Total Cash Receipts	<u>\$ 300,700.00</u>	<u>\$ 300,700.00</u>	<u>\$ 342,754.00</u>	<u>\$ 42,054.00</u>
Disbursements				
Debt service	\$ 283,806.00	\$ 283,806.00	\$ 277,110.11	\$ 6,695.89
Refunds	-	-	1,473.01	(1,473.01)
Total Disbursements	<u>\$ 283,806.00</u>	<u>\$ 283,806.00</u>	<u>\$ 278,583.12</u>	<u>\$ 6,695.89</u>
Excess of Cash Receipts Over (Under) Disbursements	\$ 16,894.00	\$ 16,894.00	\$ 64,170.88	\$ 47,276.88
Cash - Beginning of Year	<u>365,311.34</u>	<u>365,311.34</u>	<u>365,311.34</u>	-
Cash - End of Year	<u><u>\$ 382,205.34</u></u>	<u><u>\$ 382,205.34</u></u>	<u><u>\$ 429,482.22</u></u>	<u><u>\$ 47,276.88</u></u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Capital Projects Fund
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 120,000.00	\$ 120,000.00	\$ 108,221.20	\$ (11,778.80)
Intergovernmental	-	-	46,034.21	46,034.21
Uses of money and property	200.00	200.00	8.95	(191.05)
Total Cash Receipts	<u>\$ 120,200.00</u>	<u>\$ 120,200.00</u>	<u>\$ 154,264.36</u>	<u>\$ 34,064.36</u>
Disbursements				
Capital outlay	\$ 110,500.00	\$ 192,110.00	\$ 189,552.49	\$ 2,557.51
Total Disbursements	<u>\$ 110,500.00</u>	<u>\$ 192,110.00</u>	<u>\$ 151,552.49</u>	<u>\$ 2,557.51</u>
Excess of Cash Receipts Over (Under) Disbursements	\$ 9,700.00	\$ (71,910.00)	\$ 2,711.87	\$ 36,621.87
Cash - Beginning of Year	25,961.48	25,961.48	25,961.48	-
Cash - End of Year	<u>\$ 35,661.48</u>	<u>\$ (45,948.52)</u>	<u>\$ 28,673.35</u>	<u>\$ 36,621.87</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Enterprise Fund
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Charges for services	\$ 1,971,000.00	\$ 1,971,000.00	\$ 1,953,538.96	\$ (17,461.04)
Penalties	49,100.00	49,100.00	52,273.58	3,173.58
Intergovernmental	8,000.00	10,000.00	8,430.00	(1,570.00)
Use of money and property	425.00	425.00	2,829.24	2,404.24
Transfers in	238,000.00	238,000.00	35,000.00	(203,000.00)
Bond and loan proceeds	-	-	335,416.84	335,416.84
Grants	-	-	226,889.38	226,889.38
Other	2,500.00	2,500.00	15,297.86	12,797.86
Total Cash Receipts	\$ 2,269,025.00	\$ 2,271,025.00	\$ 2,629,675.86	\$ 358,650.86
Disbursements				
Auto expense	\$ 120.00	\$ 120.00	\$ -	\$ 120.00
Capital outlay	99,300.00	153,100.00	140,907.17	12,192.83
Clothing allowance	1,600.00	1,600.00	831.46	768.54
Debt service	224,245.00	224,245.00	199,144.55	25,100.45
Education and training	2,500.00	2,500.00	588.66	1,911.34
Fringe benefits	80,510.00	80,510.00	82,250.93	(1,740.93)
Gas and oil	30,000.00	30,000.00	28,179.20	1,820.80
Insurance	34,485.00	34,485.00	46,845.28	(12,360.28)
Laboratory fees	7,500.00	7,500.00	7,320.00	180.00
Membership dues	4,000.00	4,000.00	5,191.20	(1,191.20)
Miscellaneous	38,000.00	38,000.00	40,140.90	(2,140.90)
Office supplies and expense	27,200.00	27,200.00	28,562.59	(1,362.59)
Other supplies	77,220.00	77,220.00	60,132.80	17,087.20
Payroll expense	447,223.00	447,223.00	406,641.67	40,581.33
Professional fees	43,540.00	63,540.00	112,230.02	(48,690.02)
Repairs and maintenance	492,500.00	492,500.00	468,180.55	24,319.45
Retirement	42,979.00	42,979.00	37,652.66	5,326.34
Telephone	4,175.00	4,175.00	6,559.65	(2,384.65)
Utilities	160,150.00	160,150.00	167,841.50	(7,691.50)
Total Disbursements	\$ 1,817,247.00	\$ 1,891,047.00	\$ 1,839,200.79	\$ 51,846.21
Excess of Cash Receipts Over (Under) Disbursements	\$ 451,778.00	\$ 379,978.00	\$ 790,475.07	\$ 410,497.07
Cash - Beginning of Year	1,305,765.17	1,305,765.17	1,305,765.17	-
Cash - End of Year	<u>\$ 1,757,543.17</u>	<u>\$ 1,685,743.17</u>	<u>\$ 2,096,240.24</u>	<u>\$ 410,497.07</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.A. INTRODUCTION

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

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

I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

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

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

I.B.2. FUNDS AND ACCOUNT GROUPS

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

Governmental Fund Types

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

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental Fund Types (Continued)

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

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

Proprietary Fund Types

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

I.C. BASIS OF ACCOUNTING

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

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

I.D. BUDGETARY DATA

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.D. BUDGETARY DATA (CONTINUED)

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

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

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

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

I.E. CASH AND INVESTMENTS

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

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.E. CASH AND INVESTMENTS (CONTINUED)

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

I.F. CASH RECEIPTS AND DISBURSEMENTS

I.F.1 Sales Tax

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

I.F.2 Property Taxes

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

The assessed valuation of the tangible taxable property for the calendar year 2013 for purposes of local taxation was:

General	\$	63,358,370
Debt Service		15,622,885
		\$ 78,981,255

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

General	\$	0.4811
Debt Service		0.4043
		\$0.8854

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.F.3 Compensated Absences

Vacation and sick leave are considered to be expenditures in the year paid. Vacation leave may accrue from year to year. An employee may accumulate up to 30 days of vacation leave. Unused vacation leave is paid in the event of termination. At April 30, 2014 the estimated unused accrued vacation leave amounted to approximately \$47,992.08. Unused sick leave is forfeited upon termination. At April 30, 2014, the estimated unused accrued sick leave amounted to approximately \$140,615.43. The City compensates employees for overtime worked by accruing compensatory time off at the rate of 1.5 times the employee's normal rate of pay and 2 times for Sundays and holidays. An employee may accrue up to 40 hours of compensatory time off per year. At April 30, 2014 the estimated unused accrued compensatory time off amounted to approximately \$11,978.27. The amount attributed to enterprise funds could not be determined. The amount to be paid from current resources is not significant.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

II.A. BUDGET COMPLIANCE

The City exceeded budgeted appropriations for the year in the General Fund.

II.B. GENERAL OBLIGATION DEBT

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

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

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

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B. GENERAL OBLIGATION DEBT (CONTINUED)

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

Distributions from the Construction Fund

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

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

Application of Moneys in the Debt Service Fund

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

Tax Covenant

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B. GENERAL OBLIGATION DEBT (CONTINUED)

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

Tax Covenant (Continued)

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

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

II.B.2 General Obligation Bonds Series 2012

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

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

- a) Debt Service Fund

Distributions from the Construction Fund

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B. GENERAL OBLIGATION DEBT (CONTINUED)

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

Distributions from the Construction Fund (Continued)

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

Application of Moneys in the Debt Service Fund

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

Tax Covenant

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

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B. GENERAL OBLIGATION DEBT (CONTINUED)

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

Tax Covenant (Continued)

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

II.B.3 Notes Payable

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

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

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

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

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B.4 Capital Lease Obligations

On January 19, 2010, the City entered into a lease-purchase agreement with Commerce Bank, N.A. for furniture, fixtures and equipment. On March 21, 2012 the City refinanced the lease - purchase. The lease is currently payable yearly at \$17,339.39, final payment due September 1, 2017, subject to non-appropriation of funds. Total cost of equipment is \$267,752.10.

II.C. BOND DEFEASANCE

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

II.D. ENTERPRISE FUND DEBT

II.D.1 Capital Lease Obligations

On July 16, 2013, the City entered into a lease-purchase agreement with U.S. Bankcorp for generators. The lease is currently payable semiannually at \$30,018.45, final payment due July 12, 2017, subject to non-appropriation of funds. Total cost of equipment is \$231,500.00.

On June 18, 2013, the City entered into a lease-purchase agreement with Commerce Bank, N.A. for utility tractor and brush hog. The lease is currently payable semiannually at \$11,277.02, final payment due June 21, 2015, subject to non-appropriation of funds. Total cost of equipment is \$44,002.56.

On June 7, 2006, the City entered into a lease-purchase agreement with Missouri Association of Municipal Utilities for acquisition and installation of fluoridation equipment at each of its seven existing well sites. The lease is payable monthly at \$2,000.00 plus interest at 4.02% on the outstanding balance of the lease. Final payment is due October 20, 2015, subject to non-appropriation of funds. Total cost of the project is \$257,000.00.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.D.2 Sewer System Revenue Bonds (State of Missouri Direct Loan Program) Series 2013

The bond ordinance relating to the Sewer System Revenue Bonds (State of Missouri Direct Loan Program) Series 2013 contains a number of restrictions or covenants that are financial related. The ordinance authorizing the issuance of the revenue bonds above requires the following accounts be maintained by the City in connection therewith:

- a) Debt Service
- b) Construction Fund
- c) Repayment Fund
- d) Administrative Expense Fund

Distributions from the Construction Fund

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

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

Application of Moneys in the Revenue Fund

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.D. ENTERPRISE FUND DEBT (CONTINUED)

II.D.2 Sewer System Revenue Bonds (State of Missouri Direct Loan Program) Series 2013 (Continued)

Rate Covenant

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

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

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

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

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

Distributions from the Construction Fund

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.D. ENTERPRISE FUND DEBT (CONTINUED)

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

Distributions from the Construction Fund (Continued)

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

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

Application of Moneys in the Revenue Fund

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

Rate Covenant

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.D. ENTERPRISE FUND DEBT (CONTINUED)

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

Rate Covenant (Continued)

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

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES

III.A. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. RSMo Chapter 110 requires that public funds shall be secured by the deposit of securities of the character prescribed by section 30.270, RSMo. The value of which shall at all times be not less than one hundred percent of the actual amount of the funds on deposit with the depository less the amount, if any, insured by the Federal Deposit Insurance Corporation. All deposits were legally secured at April 30, 2014. The City does not have any other policies for custodial credit risk.

At April 30, 2014, the City's carrying amounts of deposits was \$3,337,309.04 and the bank balance was \$3,394,353.59. 100% of the bank balance was held by two banks resulting in a concentration of credit risk. Of the bank's balance, \$341,076.94 was covered by Federal Depository Insurance, \$1,200,000 by Irrevocable Standby Letter of Credit and \$1,762,199.71 was collateralized with securities held by the pledging financial institution's agents but not in the City's name.

Investments

The City's policies and applicable laws regarding investments are discussed in Note I.E. During the year ended April 30, 2014 the City invested idle funds in interest bearing deposit accounts with the Community Bank & Trust and Southwest Missouri Bank.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES

III.A. DEPOSITS AND INVESTMENTS

Investments

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

III.B. RESTRICTED ASSETS

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

General Fund -	
Customer Deposits and Bond	\$ 1,612.50
Enterprise Fund-	
Customer Deposits	140,207.50
Replacements	<u>243,853.88</u>
	<u>\$ 385,673.88</u>

The amounts above are composed of:

Deposits - Community Bank and Trust, Carl Junction, Missouri	<u>\$ 385,673.88</u>
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III.C. LONG-TERM DEBT

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

As of April 30, 2014, the long-term debt consisted of the following:

Bonds Payable

2002 Series Revenue Bonds (State Revolving Fund Program), original issue amount \$860,000.00 dated May 8, 2002, interest rates from 3.00% to 5.15%, final maturity January 2023.

\$ 441,000.00

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2014

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

III.C. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

2003 Series Revenue Bonds (State Revolving Fund Program), original issue amount \$1,760,000.00, dated April 3, 2003, interest rates from 2.00% to 4.70%, final maturity January 2024.	985,000.00
2012B Series General Obligation Bonds (State Revolving Fund Program) Series 2008, original issue amount \$4,500,000.00, dated July 30, 2008, interest rates from 3.75% to 5.10%, final maturity March 2028.	4,445,000.00
2013 Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), original issue amount \$2,050,000, dated September 19, 2013, final maturity July 1, 2034.	<u>2,050,000.00</u>
Total Bonds Payable	<u>\$ 7,921,000.00</u>

Capital Lease Obligations

Lease purchase agreement on generators, \$30,018.45 payable semiannually, plus interest of 3.70% on unpaid balance, final payment due July 12, 2017.	\$ 175,038.92
Lease purchase agreement on tractor and brush hog, \$11,277.02 payable semiannually, plus interest of 2.5% on unpaid balance, final payment due June 21, 2015.	33,165.57
Lease purchase agreement on fluoridation system, \$2,000.00 payable monthly, plus interest of 4.02% on unpaid balance, final payment due October 20, 2015.	45,000.00
Lease purchase agreement on equipment, \$45,238.59 payable yearly, final Payment due January 15, 2016.	<u>64,036.77</u>
Total Capital Lease Obligations	<u>\$ 317,241.26</u>

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

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

III.C. LONG-TERM DEBT (CONTINUED)

Notes Payable

Note payable on energy conservation measures, payable semiannually at \$6,021.00, final payment due August 1, 2025.	\$ 104,790.24
Note payable on tracks of land, payable monthly at \$4,737.12, final payment due September 11, 2018.	231,020.38
Note payable on energy conservation measures, payable semiannually at \$3,123.50, final payment due August 1, 2021.	<u>46,852.50</u>
Total Notes Payable	<u>\$ 364,374.12</u>

Accrued Compensated Absences

Accrued compensated absences are comprised of compensatory time off, vacation leave and sick leave.	<u>\$ 200,585.78</u>
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CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2014

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

III.C. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2014:

Type of Debt	Balance April 30, 2013	Additions	Reductions	Balance April 30, 2014
General Obligation Bonds Payable	\$ 4,635,000.00	\$ -	\$ 190,000.00	\$ 4,445,000.00
Revenue Bonds Payable	1,535,000.00	2,050,000.00	109,000.00	3,476,000.00
Capital Lease Obligations	147,647.46	275,502.56	105,908.76	317,241.26
Notes Payable	447,033.75	-	82,659.63	364,374.12
Accrued Compensated Absences	200,007.74	578.04	-	200,585.78
Total Long-Term Debt	\$ 6,964,688.95	\$ 2,326,080.60	\$ 487,568.39	\$ 8,803,201.16

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements
April 30, 2014

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

III.C. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt (Continued)

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt of the City as of April 30, 2014 are as follows:

Year Ending April 30,	Bonds Payable	Capital Lease Obligations	Notes Payable
2015	541,481.02	130,724.20	75,134.44
2016	628,568.12	123,020.36	75,134.44
2017	649,399.76	81,416.10	75,134.44
2018	652,124.76	17,339.39	75,134.44
2019	606,987.26	-	18,289.41
2019-2023	3,356,810.02	-	99,510.41
2024-2029	3,076,982.00	-	17,748.47
Total Principal and interests	\$ 9,512,352.94	\$ 352,500.05	\$ 436,086.05
Less interest	1,591,352.94	35,258.79	53,422.52
Principal Outstanding at April 30, 2014	<u>\$ 7,921,000.00</u>	<u>\$ 317,241.26</u>	<u>\$ 382,663.53</u>

IV. POST EMPLOYMENT BENEFITS

IV.A. EMPLOYEE PENSION PLAN

A. Plan Description

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

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

IV. POST EMPLOYMENT BENEFITS (CONTINUED)

IV.A. EMPLOYEE PENSION PLAN (CONTINUED)

A. Plan Description (Continued)

LAGERS was created and governed by statute section RSMo. 70.600 – 70.755. As such, it is the system’s responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(1) and it is tax exempt.

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

B. Funding Status

Full-time employees of the City of Carl Junction contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 10.7% (General) and 9.0% (Police) of annual covered payroll. The contribution of plan members is determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

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

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

Annual required contribution	\$	88,942
Interest on net pension obligation		602
Adjustment to annual required contribution		<u>(542)</u>
Annual pension cost		89,002
Actual contributions		<u>(88,942)</u>
Increase (decrease) in NPO		60
NPO beginning of year		<u>8,302</u>
NOP end of year	\$	<u><u>8,362</u></u>

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

IV. POST EMPLOYMENT BENEFITS (CONTINUED)

IV.A. EMPLOYEE PENSION PLAN (CONTINUED)

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 21 years for the General division and 23 years for the Police division. The amortization period as of February 29, 2012 was 21 years for the General division and 30 years for the Police division.

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 77,187	91.1%	\$ 8,265
2012	\$ 83,385	100%	\$ 8,302
2013	\$ 89,002	100%	\$ 8,362

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL as a Percentage of Covered Payroll
2/28/2011	972,752	1,270,812	298,060	77%	967,969	31%
2/29/2012	1,199,569	1,442,470	242,901	83%	1,036,543	23%
2/28/2013	1,350,900	1,556,274	205,374	87%	1,109,661	19%
2/28/2013	1,350,900	1,804,419	453,519	75%	1,109,661	41%

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

V. RISK MANAGEMENT

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

VI. GRANT PROGRAM INVOLVEMENT

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

VII. INTERFUND TRANSFERS

Interfund transfers for the year ended April 30, 2014 consisted of the following:

General	\$ 180,000.00	\$ -
Special Revenue	-	253,000.00
Enterprise	35,000.00	-
Capital Improvement	38,000.00	-
Total	<u>\$ 253,000.00</u>	<u>\$ 253,000.00</u>

VIII. UNACCOUNTED FOR CASH RECEIPTS AND DISBURSEMENTS

The City was unable to reasonably determine the amount of cash collected in the Municipal Bond and Municipal Court accounts for the year ended April 30, 2014. On June 18, 2014, the Municipal Judge identified discrepancies in the Court Clerk's case files. The Court Clerk was unable to sufficiently explain the discrepancies and was terminated in June, 2014. City officials, after conducting an internal investigation which noted additional concerns, contacted the Missouri State Highway Patrol for assistance, and requested the State Auditor's office to perform an audit of the Municipal Court. Therefore, the amount of the cash receipts and expenditures, and cash balances in these accounts were not determined as of October 25, 2014.

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2014

IX. LITIGATION

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

X. SEGMENT INFORMATION ON ENTERPRISE FUNDS

The City maintains two enterprise funds that provide a variety of public services as defined in Note I.A. Selected financial information for business segments of enterprise funds for the year ended April 30, 2014, is presented as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating Revenues	<u>\$ 986,895.58</u>	<u>\$ 814,992.05</u>
Operating Income (Loss)	<u>\$ 253,425.90</u>	<u>\$ (71,614.73)</u>
Net Income (Loss)	<u>\$ 58,857.24</u>	<u>\$ 25,159.20</u>
Total Assets	<u>\$ 297,030.53</u>	<u>\$ 195,918.80</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 140,407.50</u>
Total Net Assets	<u>\$ 297,030.53</u>	<u>\$ 55,511.31</u>

XI. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through October 25, 2014, the date the financial statements were available for issuance.

CITY OF CARL JUNCTION, MISSOURI

Combining Statement of Cash Receipts,
Disbursements and Changes in Cash Balances
Special Revenue Funds
For the year ended April 30, 2014

	Street and Alley	Parks	City Sales Tax	Municipal Court	Total
Cash Receipts					
Taxes	\$ 216,940.46	\$ -	\$ 287,608.01	\$ -	\$ 504,548.47
Intergovernmental	272,573.80	-	-	-	272,573.80
Licenses and permits	380.00	-	-	-	380.00
Charges for services	-	4,978.21	-	-	4,978.21
Fines, forfeits and penalties	-	-	-	121,046.40	121,046.40
Uses of money and property	364.23	-	647.19	-	1,011.42
Miscellaneous and insurance proceeds	10,558.70	46.35	-	100.00	10,705.05
Transfers in	-	57,103.00	-	-	57,103.00
	<u>\$ 500,817.19</u>	<u>\$ 62,127.56</u>	<u>\$ 288,255.20</u>	<u>\$ 121,146.40</u>	<u>\$ 972,346.35</u>
Total Cash Receipts					
Disbursements					
Capital outlay	\$ 2,065.61	\$ 7,611.50	\$ -	\$ -	\$ 9,677.11
Clothing allowance	415.75	-	-	-	415.75
Fines, forfeits and penalties	-	-	-	113,264.55	113,264.55
Fringe benefits	14,434.64	-	-	-	14,434.64
Gas and oil	14,089.59	-	-	-	14,089.59
Insurance	10,321.19	-	-	-	10,321.19
Membership dues	1,297.79	-	-	-	1,297.79
Miscellaneous	9,861.74	-	-	-	9,861.74
Office supplies and expense	89.21	-	-	-	89.21
Other supplies	11,319.71	8,749.23	-	-	20,068.94
Payroll expense	138,600.26	13,500.00	-	-	152,100.26
Professional fees	29,286.99	-	-	-	29,286.99
Repairs and maintenance	194,980.39	23,127.72	-	-	218,108.11
Retirement	13,342.89	-	-	-	13,342.89
Street lighting	42,674.66	-	-	-	42,674.66
Telephone	809.69	898.16	-	-	1,707.85
Transfers out	-	-	310,103.00	-	310,103.00
Utilities	3,095.14	10,625.62	-	-	13,720.76
	<u>\$ 486,685.25</u>	<u>\$ 64,512.23</u>	<u>\$ 310,103.00</u>	<u>\$ 113,264.55</u>	<u>\$ 974,565.03</u>
Total Disbursements					
Excess of Cash Receipts Over (Under) Disbursements	\$ 14,131.94	\$ (2,384.67)	\$ (21,847.80)	\$ 7,881.85	\$ (2,218.68)
Cash - Beginning of Year	144,173.24	4,239.72	487,539.56	-	635,952.52
Cash - End of Year	<u>\$ 158,305.18</u>	<u>\$ 1,855.05</u>	<u>\$ 465,691.76</u>	<u>\$ -</u>	<u>\$ 633,733.84</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Street and Alley Fund
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 100,000.00	\$ 100,000.00	\$ 216,940.46	\$ 116,940.46
Intergovernmental	255,000.00	255,000.00	272,573.80	17,573.80
Licenses and permits	1,000.00	1,000.00	380.00	(620.00)
Uses of money and property	200.00	200.00	364.23	164.23
Miscellaneous and insurance proceeds	500.00	500.00	10,558.70	10,058.70
Total Cash Receipts	\$ 356,700.00	\$ 356,700.00	\$ 500,817.19	\$ 144,117.19
Disbursements				
Auto expense	\$ 60.00	\$ 60.00	\$ -	\$ 60.00
Capital outlay	2,000.00	2,000.00	2,065.61	(65.61)
Clothing allowance	800.00	800.00	415.75	384.25
Education and training	100.00	100.00	-	100.00
Fringe benefits	14,380.00	14,380.00	14,434.64	(54.64)
Gas and oil	15,000.00	15,000.00	14,089.59	910.41
Insurance	11,570.00	11,570.00	10,321.19	1,248.81
Membership dues	1,000.00	1,000.00	1,297.79	(297.79)
Miscellaneous	650.00	650.00	9,861.74	(9,211.74)
Office supplies and expense	200.00	200.00	89.21	110.79
Other supplies	43,070.00	43,070.00	11,319.71	31,750.29
Payroll expense	90,630.00	131,465.00	138,600.26	(7,135.26)
Professional fees	61,650.00	61,650.00	29,286.99	32,363.01
Repairs and maintenance	181,000.00	205,918.00	194,980.39	10,937.61
Retirement	8,547.00	8,547.00	13,342.89	(4,795.89)
Street lighting	40,000.00	40,000.00	42,674.66	(2,674.66)
Telephone	1,400.00	1,400.00	809.69	590.31
Utilities	2,300.00	2,300.00	3,095.14	(795.14)
Total Disbursements	\$ 474,357.00	\$ 540,110.00	\$ 486,685.25	\$ 53,424.75
Excess of Cash Receipts Over (Under) Disbursements	\$ (117,657.00)	\$ (183,410.00)	\$ 14,131.94	\$ 197,541.94
Cash - Beginning of Year	144,173.24	68,010.05	144,173.24	(76,163.19)
Cash - End of Year	\$ 26,516.24	\$ (115,399.95)	\$ 158,305.18	\$ 121,378.75

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Park Fund
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Charges for services	\$ 5,500.00	\$ 5,500.00	\$ 4,978.21	\$ (521.79)
Miscellaneous and insurance proceeds	-	-	46.35	46.35
Transfers in	57,103.00	57,103.00	57,103.00	-
Total Cash Receipts	\$ 62,603.00	\$ 62,603.00	\$ 62,127.56	\$ (475.44)
Disbursements				
Capital outlay	\$ 5,903.00	\$ 9,278.00	\$ 7,611.50	\$ 1,666.50
Other supplies	9,500.00	9,500.00	8,749.23	750.77
Payroll expense	13,500.00	13,500.00	13,500.00	-
Repairs and maintenance	24,250.00	24,250.00	23,127.72	1,122.28
Telephone	650.00	650.00	898.16	(248.16)
Utilities	8,800.00	8,800.00	10,625.62	(1,825.62)
Total Disbursements	\$ 62,603.00	\$ 65,978.00	\$ 64,512.23	\$ 1,465.77
Excess of Cash Receipts Over (Under) Disbursements	\$ -	\$ (3,375.00)	\$ (2,384.67)	\$ 990.33
Cash - Beginning of Year	4,239.72	17,560.97	4,239.72	13,321.25
Cash - End of Year	<u>\$ 4,239.72</u>	<u>\$ 14,185.97</u>	<u>\$ 1,855.05</u>	<u>\$ 14,311.58</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
City Sales Tax Fund
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Taxes	\$ 280,000.00	\$ 280,000.00	\$ 287,608.01	\$ 7,608.01
Uses of money and property	700.00	700.00	647.19	(52.81)
Total Cash Receipts	<u>\$ 280,700.00</u>	<u>\$ 280,700.00</u>	<u>\$ 288,255.20</u>	<u>\$ 7,555.20</u>
Disbursements				
Transfers out	\$ 280,700.00	\$ 280,700.00	\$ 310,103.00	\$ (29,403.00)
Total Disbursements	<u>\$ 280,700.00</u>	<u>\$ 280,700.00</u>	<u>\$ 310,103.00</u>	<u>\$ (29,403.00)</u>
Excess of Cash Receipts Over (Under) Disbursements	\$ -	\$ -	\$ (21,847.80)	\$ (21,847.80)
Cash - Beginning of Year	<u>487,539.56</u>	<u>487,539.56</u>	<u>487,539.56</u>	<u>-</u>
Cash - End of Year	<u><u>\$ 487,539.56</u></u>	<u><u>\$ 487,539.56</u></u>	<u><u>\$ 465,691.76</u></u>	<u><u>\$ (21,847.80)</u></u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Waterworks Operation and Maintenance Account
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Charges for services	\$ 841,300.00	\$ 841,300.00	\$ 799,531.20	\$ (41,768.80)
Penalties	29,100.00	29,100.00	30,992.71	1,892.71
Use of money and property	100.00	100.00	132.20	32.20
Other	1,500.00	1,500.00	14,917.86	13,417.86
	<u>872,000.00</u>	<u>872,000.00</u>	<u>845,573.97</u>	<u>(26,426.03)</u>
Total Cash Receipts	\$ 872,000.00	\$ 872,000.00	\$ 845,573.97	\$ (26,426.03)
Disbursements				
Capital outlay	\$ 18,300.00	\$ 72,100.00	\$ 67,972.04	\$ 4,127.96
Clothing allowance	800.00	800.00	415.75	384.25
Debt service	156,545.00	156,545.00	148,244.30	8,300.70
Education and training	1,250.00	1,250.00	273.67	976.33
Fringe benefits	35,755.00	35,755.00	36,625.40	(870.40)
Gas and oil	15,000.00	15,000.00	14,089.59	910.41
Insurance	17,400.00	17,400.00	15,012.64	2,387.36
Membership dues	2,000.00	2,000.00	2,595.60	(595.60)
Miscellaneous	22,800.00	22,800.00	18,896.12	3,903.88
Office supplies and expense	13,660.00	13,660.00	14,393.42	(733.42)
Other supplies	52,110.00	52,110.00	37,498.11	14,611.89
Payroll expense	217,571.00	217,571.00	210,823.08	6,747.92
Professional fees	18,270.00	38,270.00	36,023.76	2,246.24
Repairs and maintenance	51,000.00	51,000.00	50,061.15	938.85
Retirement	20,842.00	20,842.00	20,168.39	673.61
Telephone	2,100.00	2,100.00	3,857.48	(1,757.48)
Transfers out	170,000.00	170,000.00	113,500.00	56,500.00
Utilities	97,400.00	97,400.00	97,801.50	(401.50)
	<u>912,803.00</u>	<u>986,603.00</u>	<u>888,252.00</u>	<u>98,351.00</u>
Total Disbursements	\$ 912,803.00	\$ 986,603.00	\$ 888,252.00	\$ 98,351.00
Excess of Cash Receipts Over (Under) Disbursements	\$ (40,803.00)	\$ (114,603.00)	\$ (42,678.03)	\$ 71,924.97
Cash - Beginning of Year	89,837.89	89,837.89	89,837.89	-
Cash - End of Year	<u>\$ 49,034.89</u>	<u>\$ (24,765.11)</u>	<u>\$ 47,159.86</u>	<u>\$ 71,924.97</u>

See notes to the financial statements.

CITY OF CARL JUNCTION, MISSOURI
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances - Budget and Actual
Sewer Operation and Maintenance Account
For the year ended April 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts				
Charges for services	\$ 963,200.00	\$ 963,200.00	\$ 986,895.58	\$ 23,695.58
Penalties	20,000.00	20,000.00	21,280.87	1,280.87
Use of money and property	100.00	100.00	1,645.35	1,545.35
Bond and loan proceeds	-	-	562,306.22	562,306.22
Other	1,000.00	1,000.00	380.00	(620.00)
	<u>\$ 984,300.00</u>	<u>\$ 984,300.00</u>	<u>\$ 1,572,508.02</u>	<u>\$ 588,208.02</u>
Total Cash Receipts				
Disbursements				
Auto expense	\$ 120.00	\$ 120.00	\$ -	\$ 120.00
Capital outlay	81,000.00	81,000.00	72,935.13	8,064.87
Clothing allowance	800.00	800.00	415.71	384.29
Debt service	67,700.00	67,700.00	50,900.25	16,799.75
Education and training	1,250.00	1,250.00	314.99	935.01
Fringe benefits	44,755.00	44,755.00	45,625.53	(870.53)
Gas and oil	15,000.00	15,000.00	14,089.61	910.39
Insurance	17,085.00	17,085.00	31,832.64	(14,747.64)
Laboratory fees	7,500.00	7,500.00	7,320.00	180.00
Membership dues	2,000.00	2,000.00	2,595.60	(595.60)
Miscellaneous	15,200.00	15,200.00	21,244.78	(6,044.78)
Office supplies and expense	13,540.00	13,540.00	14,169.17	(629.17)
Other supplies	24,110.00	24,110.00	18,927.09	5,182.91
Payroll expense	229,652.00	229,652.00	195,818.59	33,833.41
Professional fees	25,270.00	25,270.00	76,206.26	(50,936.26)
Repairs and maintenance	281,500.00	281,500.00	91,227.89	190,272.11
Retirement	22,137.00	22,137.00	17,484.27	4,652.73
Telephone	2,075.00	2,075.00	2,702.17	(627.17)
Transfers out	67,000.00	67,000.00	67,000.00	-
Utilities	62,750.00	62,750.00	70,040.00	(7,290.00)
	<u>\$ 980,444.00</u>	<u>\$ 980,444.00</u>	<u>\$ 800,849.68</u>	<u>\$ 179,594.32</u>
Total Disbursements				
Excess of Cash Receipts Over (Under) Disbursements	\$ 3,856.00	\$ 3,856.00	\$ 771,658.34	\$ 767,802.34
Cash - Beginning of Year	607,513.96	607,513.96	607,513.96	-
Cash - End of Year	<u>\$ 611,369.96</u>	<u>\$ 611,369.96</u>	<u>\$ 1,379,172.30</u>	<u>\$ 767,802.34</u>

See notes to the financial statements.