

CITY OF CARL JUNCTION, MISSOURI

Annual Financial Report

Year ended April 30, 2004

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of City of Carl Junction, Missouri, as of and for the year then ended April 30, 2004. These financial statements are the responsibility of City of Carl Junction, Missouri's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Carl Junction, Missouri, prepares its financial statements on a cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statements referred to above do not include the General Fixed Assets Account Group. The capitalization of property, plant and equipment in conjunction with the recording of depreciation is a generally accepted modification of the cash basis of accounting. The accompanying financial statements do not include a provision for depreciation. The effect of this departure from the modified cash basis of accounting on the accompanying financial statements is not known.

In our opinion, except for the effects on the financial statements of the omissions described in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of City of Carl Junction, Missouri, as of April 30, 2004, and the revenues received and expenditures paid for the year then ended, on the basis of accounting described in Note 1.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2004, on our consideration of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule and the schedules and other information listed in the table of contents presented for the purpose of additional analysis are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



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

Joplin, Missouri
November 5, 2004

CITY OF CARL JUNCTION, MISSOURI
 Combined Statement of Assets and Liabilities Arising from Cash Transactions-
 All Fund Types and Account Groups
 April 30, 2004

	Governmental Fund Types			Proprietary	Accounts	Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise		General Long- Term Debt
ASSETS							
Cash and cash equivalents	\$151,524.61	\$722,304.40	\$628,428.05	\$72,746.27	\$829,481.58	\$-	\$2,404,484.91
Restricted assets:							
Cash and cash equivalents	60,997.30	-	-	-	103,131.16	-	164,128.46
Amount available in Debt Service Funds for general obligation bond payments	-	-	-	-	-	628,428.05	628,428.05
Amount to be provided in future years for bonds, lease obligations, notes payable and compensated absences	-	-	-	-	2,585,000.00	741,923.92	3,326,923.92
Total Assets	<u>\$212,521.91</u>	<u>\$722,304.40</u>	<u>\$628,428.05</u>	<u>\$72,746.27</u>	<u>\$3,517,612.74</u>	<u>\$1,370,351.97</u>	<u>\$6,523,965.34</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Payable from restricted assets:							
Customer deposits and bonds	\$8,622.99	\$-	\$-	\$-	\$78,542.27	\$-	\$87,165.26
Compensated absences	-	-	-	-	-	7,465.05	7,465.05
Current portion of bonds payable	-	-	-	-	115,000.00	20,000.00	135,000.00
Revenue bonds payable - long term	-	-	-	-	2,470,000.00	-	2,470,000.00
General obligation bonds payable - long term	-	-	-	-	-	1,150,000.00	1,150,000.00
Capital lease obligations and notes payable	-	-	-	-	-	192,886.92	192,886.92
Total Liabilities	<u>\$8,622.99</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,663,542.27</u>	<u>\$1,370,351.97</u>	<u>\$4,042,517.23</u>
Fund Equity:							
Retained earnings							
Unreserved	\$-	\$-	\$-	\$-	\$829,481.58	\$-	\$829,481.58
Reserved for replacement	-	-	-	-	24,588.89	-	24,588.89
Fund Balance							
Reserved for general obligation bond payments	-	-	628,428.05	-	-	-	628,428.05
Reserve for construction	52,374.31	-	-	72,746.27	-	-	125,120.58
Unreserved	151,524.61	722,304.40	-	-	-	-	873,829.01
Total Fund Equity	<u>\$203,898.92</u>	<u>\$722,304.40</u>	<u>\$628,428.05</u>	<u>\$72,746.27</u>	<u>\$854,070.47</u>	<u>\$-</u>	<u>\$2,481,448.11</u>
Total Liabilities and Fund Equity	<u>\$212,521.91</u>	<u>\$722,304.40</u>	<u>\$628,428.05</u>	<u>\$72,746.27</u>	<u>\$3,517,612.74</u>	<u>\$1,370,351.97</u>	<u>\$6,523,965.34</u>

See Notes to the Financial Statements.

CITY OF CARL JUNCTION, MISSOURI

Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance -
 All Governmental Fund Types
 For the fiscal year ended April 30, 2004

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects	Total (Memorandum Only)
REVENUES COLLECTED					
Taxes	\$ 520,894.45	\$ 323,265.46	\$ 133,743.39	\$ -	\$ 977,903.30
Intergovernmental	731,191.58	386,113.62	-	299,648.66	1,416,953.86
Licenses and permits	23,366.70	772.50	-	-	24,139.20
Charges for services	65,503.49	17,941.64	-	-	83,445.13
Fines, forfeits and penalties	74,451.81	-	-	-	74,451.81
Uses of money and property	21,030.15	18,490.98	5,507.95	1,183.14	46,212.22
Miscellaneous and insurance proceeds	205,456.39	1,756.10	-	-	207,212.49
Total Revenues Collected	\$ 1,641,894.57	\$ 748,340.30	\$ 139,251.34	\$ 300,831.80	\$ 2,830,318.01
EXPENDITURES PAID					
Current					
General government	\$ 988,489.68	\$ -	\$ -	\$ -	\$ 988,489.68
Public safety	686,003.02	6,404.31	-	-	692,407.33
Highways and streets	-	724,026.38	-	-	724,026.38
Culture and recreation	-	71,577.88	-	-	71,577.88
Capital projects	-	-	-	341,151.66	341,151.66
Debt service	-	-	52,545.69	-	52,545.69
Total Expenditures Paid	\$ 1,674,492.70	\$ 802,008.57	\$ 52,545.69	\$ 341,151.66	\$ 2,870,198.62
EXCESS OF REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ (32,598.13)	\$ (53,668.27)	\$ 86,705.65	\$ (40,319.86)	\$ (39,880.61)
OTHER FINANCING SOURCES COLLECTED (USES PAID)					
Transfers in	\$ 799,625.00	\$ -	\$ -	\$ -	\$ 799,625.00
Transfers out	(799,625.00)	-	-	-	(799,625.00)
Net other financing sources collected (uses paid)	\$ -	\$ -	\$ -	\$ -	\$ -
EXCESS OF REVENUES AND OTHER FINANCING SOURCES COLLECTED OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES PAID	\$ (32,598.13)	\$ (53,668.27)	\$ 86,705.65	\$ (40,319.86)	\$ (39,880.61)
FUND BALANCE - May 1, 2003	236,497.05	775,972.67	541,722.40	113,066.13	1,667,258.25
FUND BALANCE - April 30, 2004	\$ 203,898.92	\$ 722,304.40	\$ 628,428.05	\$ 72,746.27	\$ 1,627,377.64

See Notes to the Financial Statements.

CITY OF CARL JUNCTION, MISSOURI

Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance -
 Actual and Budget - General and Special Revenue Fund Types
 For the fiscal year ended April 30, 2004

	General Fund			Special Revenue Funds		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES COLLECTED						
Taxes	\$ 520,894.45	\$ 462,000.00	\$ 58,894.45	\$ 323,265.46	\$ 300,000.00	\$ 23,265.46
Intergovernmental	731,191.58	10,000.00	721,191.58	386,113.62	190,000.00	196,113.62
Licenses and permits	23,366.70	11,200.00	12,166.70	772.50	1,000.00	(227.50)
Charges for services	65,503.49	54,000.00	11,503.49	17,941.64	48,500.00	(30,558.36)
Fines, forfeits and penalties	74,451.81	60,000.00	14,451.81	-	-	-
Uses of money and property	21,030.15	24,900.00	(3,869.85)	18,490.98	13,000.00	5,490.98
Miscellaneous and insurance proceeds	205,456.39	4,250.00	201,206.39	1,756.10	500.00	1,256.10
Total Revenues Collected	\$ 1,641,894.57	\$ 626,350.00	\$ 1,015,544.57	\$ 748,340.30	\$ 553,000.00	\$ 195,340.30
EXPENDITURES PAID						
Current						
General government	\$ 988,489.68	\$ 237,857.00	\$ (750,632.68)	\$ -	\$ -	\$ -
Public safety	686,003.02	663,562.00	(22,441.02)	6,404.31	-	(6,404.31)
Highways and streets	-	-	-	724,026.38	415,595.00	(308,431.38)
Culture and recreation	-	-	-	71,577.88	209,397.00	137,819.12
Debt service	-	-	-	-	-	-
Total Expenditures Paid	\$ 1,674,492.70	\$ 901,419.00	\$ (773,073.70)	\$ 802,008.57	\$ 624,992.00	\$ (177,016.57)
EXCESS OF REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ (32,598.13)	\$ (275,069.00)	\$ 242,470.87	\$ (53,668.27)	\$ (71,992.00)	\$ 18,323.73
OTHER FINANCING SOURCES COLLECTED (USES PAID)						
Operating transfers in	\$ 799,625.00	\$ 629,428.00	\$ 170,197.00	\$ -	\$ -	\$ -
Operating transfers out	(799,625.00)	(559,625.00)	(240,000.00)	-	(94,303.00)	94,303.00
Net other financing sources collected (uses paid)	\$ -	\$ 69,803.00	\$ (69,803.00)	\$ -	\$ (94,303.00)	\$ 94,303.00
EXCESS OF REVENUES AND OTHER FINANCING SOURCES COLLECTED OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES PAID	\$ (32,598.13)	\$ (205,266.00)	\$ 172,667.87	\$ (53,668.27)	\$ (166,295.00)	\$ 112,626.73
FUND BALANCE - May 1, 2003	236,497.05	236,497.05	-	775,972.67	775,972.67	-
FUND BALANCE - April 30, 2004	\$ 203,898.92	\$ 31,231.05	\$ 172,667.87	\$ 722,304.40	\$ 609,677.67	\$ 112,626.73

See Notes to the Financial Statements.

CITY OF CARL JUNCTION, MISSOURI
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance -
Actual and Budget - General and Special Revenue Fund Types
For the fiscal year ended April 30, 2004

	Debt Service Funds			Total (Memorandum Only)		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES COLLECTED						
Taxes	\$ 133,743.39	\$ 130,000.00	\$ 3,743.39	\$ 977,903.30	\$ 892,000.00	\$ 85,903.30
Intergovernmental	-	-	-	1,117,305.20	200,000.00	917,305.20
Licenses and permits	-	-	-	24,139.20	12,200.00	11,939.20
Charges for services	-	-	-	83,445.13	102,500.00	(19,054.87)
Fines, forfeits and penalties	-	-	-	74,451.81	60,000.00	14,451.81
Uses of money and property	5,507.95	7,500.00	(1,992.05)	45,029.08	45,400.00	(370.92)
Miscellaneous and insurance proceeds	-	-	-	207,212.49	4,750.00	202,462.49
Total Revenues Collected	\$ 139,251.34	\$ 137,500.00	\$ 1,751.34	\$ 2,529,486.21	\$ 1,316,850.00	\$1,212,636.21
EXPENDITURES PAID						
Current						
General government	\$ -	\$ -	\$ -	\$ 988,489.68	\$ 237,857.00	\$ (750,632.68)
Public safety	-	-	-	692,407.33	663,562.00	(28,845.33)
Highways and streets	-	-	-	724,026.38	415,595.00	(308,431.38)
Culture and recreation	-	-	-	71,577.88	209,397.00	137,819.12
Debt service	52,545.69	112,673.00	60,127.31	52,545.69	112,673.00	60,127.31
Total Expenditures Paid	\$ 52,545.69	\$ 112,673.00	\$ 60,127.31	\$ 2,529,046.96	\$ 1,639,084.00	\$ (889,962.96)
EXCESS OF REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ 86,705.65	\$ 24,827.00	\$ 61,878.65	\$ 439.25	\$ (322,234.00)	\$ 322,673.25
OTHER FINANCING SOURCES COLLECTED (USES PAID)						
Operating transfers in	\$ -	\$ -	\$ -	\$ 799,625.00	\$ 629,428.00	\$ 170,197.00
Operating transfers out	-	-	-	(799,625.00)	(653,928.00)	(145,697.00)
Net other financing sources collected (uses paid)	\$ -	\$ -	\$ -	\$ -	\$ (24,500.00)	\$ 24,500.00
EXCESS OF REVENUES AND OTHER FINANCING SOURCES COLLECTED OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES PAID	\$ 86,705.65	\$ 24,827.00	\$ 61,878.65	\$ 439.25	\$ (346,734.00)	\$ 347,173.25
FUND BALANCE - May 1, 2003	541,722.40	541,722.40	-	1,554,192.12	1,554,192.12	-
FUND BALANCE - April 30, 2004	\$ 628,428.05	\$ 566,549.40	\$ 61,878.65	\$ 1,554,631.37	\$ 1,207,458.12	\$ 347,173.25

See Notes to the Financial Statements.

CITY OF CARL JUNCTION, MISSOURI
 Combined Statement of Revenues Collected, Expenditures Paid and
 Changes in Retained Earnings - All Proprietary Fund Types
 For the fiscal year ended April 30, 2004

	<u>Enterprise Fund (Waterworks and Sewage)</u>
OPERATING REVENUES COLLECTED	
Charges for services:	
Water sales	\$ 483,893.21
Sewer service	311,511.41
Airport Drive sewer service	54,375.00
Utility sales tax	<u>9,986.07</u>
	\$ 859,765.69
Other:	
Primacy fee	4,318.51
Penalties	25,973.26
Sewer connections	42,452.06
Meter connections	<u>28,051.25</u>
Total Operating Revenues Collected	<u>\$ 960,560.77</u>
OPERATING EXPENDITURES PAID	
Personal services:	
Salaries and wages	\$ 247,663.33
Pensions and retirement	20,940.76
Employee benefits	44,787.01
Commodities:	
Chemicals	1,484.76
Gas and oil	7,371.68
Supplies	131,510.52
Contractual:	
Utilities	77,000.30
Sales tax	9,818.43
Insurance	17,988.82
Primacy fee	4,262.62
Maintenance:	
System repairs	15,130.70
Capital outlay	122,341.01
Debt Service	102,658.00
Other:	
Professional fees	48,343.16
Miscellaneous	<u>8,138.17</u>
Total Operating Expenditures Paid	<u>\$ 859,439.27</u>
EXCESS OF OPERATING REVENUES COLLECTED OVER (UNDER) OPERATING EXPENDITURES PAID	<u>\$ 101,121.50</u>
NON-OPERATING REVENUES COLLECTED (EXPENDITURES PAID)	
Interest received	\$ 9,610.48
Cigarette tax	5,125.90
Net Planning and Zoning fees	<u>(4,139.73)</u>
Total Non-Operating Revenues Collected (Expenditures Paid)	<u>\$ 10,596.65</u>
EXCESS OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES	\$ 111,718.15
RETAINED EARNINGS - May 1, 2003	<u>742,352.32</u>
RETAINED EARNINGS - April 30, 2004	<u>\$ 854,070.47</u>

See Notes to the Financial Statements.

CITY OF CARL JUNCTION, MISSOURI

Combined Statement of Cash Flows Arising from Cash Transactions - All Proprietary Fund Types
For the fiscal year ended April 30, 2004

CASH FLOW FROM OPERATING ACTIVITIES

Excess of operating revenues collected over (under) operating expenditures paid	\$ 101,121.50
Decrease in interfund payables	(8,903.39)
Increase in amounts due to customers	<u>5,589.28</u>

Net Cash Provided by Operating Activities	<u>\$ 97,807.39</u>
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CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Cigarette tax	\$ 5,125.90
Net planning and zoning fees	<u>(4,139.73)</u>

Net Cash Provided by Non-Capital Financing Activities	<u>\$ 986.17</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>\$ 9,610.48</u>
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Net Cash Provided by Investing Activities	<u>\$ 9,610.48</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 108,404.04
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CASH AND CASH EQUIVALENTS - Beginning of year	<u>824,208.70</u>
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CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 932,612.74</u></u>
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Schedule of supplemental information:

Interest paid	<u><u>\$ 36,320.15</u></u>
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See Notes to the Financial Statements

CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2004

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 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 Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

I.B. FINANCIAL REPORTING ENTITY

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" (GASB 14) and includes all component units which are legally separate, of which the City appoints a voting majority of the units board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists. The City determined it has no entities that meet the criteria for inclusion as component units.

I.C. BASIS OF PRESENTATION

The accounts of the City are organized into funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues collected and expenditures/expenses paid. The account group also comprises a separate self-balancing group of accounts. The major fund categories, fund types and account groups are:

Governmental Fund Types:

General Fund--to account for all unrestricted resources except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds-- to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.C. BASIS OF PRESENTATION (CONTINUED)

Governmental Fund Types (Continued):

Capital Project Funds--to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by Enterprise Funds).

Debt Service Fund--to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessment that are general obligations of the City.

Proprietary Fund Types:

Enterprise Fund-- to account for operations that are financed and operated in a manner similar to private business enterprises --where the stated intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis are financed or recovered primarily through user charges--or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Account Groups:

General Long-Term Debt Account Group--The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from governmental funds.

General Fixed Asset Account Group--The General Fixed Asset Account Group is used to account for fixed assets that are not accounted for in the governmental type funds. The City does not maintain the necessary detail records to support the presentation of a General Fixed Asset Account Group.

Total Columns (Memorandum Only):

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “what” transactions are recorded within each fund type. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

All governmental fund types record transactions on the cash basis of accounting modified to record certain items as explained below. Only those assets and liabilities recognized under the modified cash basis are included on the Combined Statement of Assets and Liabilities Arising from Cash Transactions. Their operating statements present sources and uses of available spendable financial resources during a given period. These fund types use fund balance as their measure of available spendable financial resources at the end of the period. The account groups present these fund type’s long-term debt.

All Proprietary fund types record transaction on the cash basis of accounting modified to record certain items as explained below. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. Only those assets and liabilities recognized under the modified cash basis are included in the Combined Statement of Assets and Liabilities Arising from Cash Transactions. Proprietary fund equity is segregated into contributed capital and retained earnings.

Account groups and agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

The City prepares its financial statements on the cash basis of accounting modified to record capitalization of fixed assets and the related liability incurred to acquire those fixed assets in the enterprise funds, liabilities for payroll withholdings payable, and interfund receivables and payables. Under this basis, revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when the obligation is incurred. Consequently, accounts receivable, accounts payable and prepaid and accrued expenses are not included in the financial statements.

I.E. 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:

- (1) A budget message;

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.E. BUDGETARY DATA (CONTINUED)

- (2) Estimated revenues and a comparative statement of actual or estimated revenues for the two preceding years itemized by year, fund, and source;
- (3) Proposed expenditures together with a comparative statement of actual or estimated expenditures 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 follow these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to May 1, Mayor submits to the City Council a proposed operating budget for the fiscal year commencing May 1. Budgets are prepared for the General, Special Revenue, Debt Service and Proprietary Type Funds on the cash basis of accounting.
- (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 and Proprietary Funds.

The budget may be revised. If total expenditures 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.

Adopted budgets are shown compared to actual in Exhibit "C". The actual amounts differ from those on Exhibit "B" because Municipal Court represents a non-budgeted fund and therefore is deleted from this presentation. Budgets are prepared on the cash basis of accounting.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.F. ASSETS, LIABILITIES AND EQUITY

I.F.1 **Cash and Investments**

The City maintains a demand deposit account that is available for use by all funds. Each fund type's portion of the account is displayed on the Combined Statement of Assets and Liabilities Arising from Cash Transactions as "Cash and Cash Equivalents" under each fund's caption. Short-term investments with original maturities of three months or less from date of acquisition are considered to be cash equivalents.

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 Instrumentality's of any maturity.

I.F.2 **Interfund Receivables/Payables**

As mentioned in Note I.F.1, the City pools the cash accounts of all funds for reasons of physical custody, control and operating efficiency. When a fund overdraws its "share" of the pooled account, that fund reports the overdrawn amount as an interfund liability to the fund that management deems to have loaned the cash to the overdrawn fund. The fund deemed to have loaned the cash reports an interfund receivable from the borrowing fund.

I.F.3 **Inventories and Prepaid Items**

Inventories and prepaid expenses that benefit future periods are recorded as an expenditure/expense during the year of purchase. The City does not maintain inventory records for accounting purposes.

I.F.4 **Fixed Assets**

As a result of the lack of detail asset records to support balances for property, plant and equipment still in service, fixed assets acquired or constructed are reported as capital outlay expenditures in all governmental fund types and no General Fixed Asset Account Group for governmental fund type fixed assets is presented.

Fixed assets acquired by proprietary type funds are accounted for as property, plant and equipment within their respective funds. However, no detail fixed asset records are maintained to support the amounts recorded as property, plant and equipment. In addition no accumulated depreciation or depreciation expense have been recorded, which represents a departure from generally accepted modifications to cash basis financial statements.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.F. ASSETS, LIABILITIES AND EQUITY (CONTINUED)

I.F.5 **Equity Classifications**

Governmental fund type equity is classified as fund balance. Proprietary fund type equity is classified as retained earnings and contributed capital.

I.G. REVENUES, EXPENDITURES AND EXPENSES

I.G.1 **Sales Tax**

The City levies a one percent sales tax and a one-half percent transportation 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.

I.G.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.

I.G.3 **Property Taxes**

The assessed valuation of the tangible taxable property for the calendar year 2003 for purposes of local taxation was:

Real Estate	\$ 41,037,574
Personal Property	<u>11,459,973</u>
	<u>\$ 52,497,547</u>

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

General	\$.5059
Debt Service	<u>.2486</u>
	<u>\$.7545</u>

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.G. REVENUES, EXPENDITURES AND EXPENSES (CONTINUED)

I.G.4 **Expenditures/Expenses**

For purposes of the combined operating statements, expenditures/expenses are classified as follows:

Governmental Fund Types - By Character: Current (further classified by function)

Capital Outlay
Debt Service

Proprietary Fund Types - By Operating and Non-Operating

Governmental fund types report expenditures of financial resources. Proprietary fund types normally report expenses relating to use of economic resources.

I.G.5 **Interfund Transfers**

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers," while non-recurring transfers of equity are reported as "residual equity transfers."

I.G.6 **Compensated Absences**

Vacation and sick leave are considered to be expenditures in the year paid. Vacation leave may not accrue from one year to the next. Unused vacation leave is paid in the event of termination. An employee may accumulate up to 45 days of sick leave. Unused sick leave is forfeited upon termination. At April 30, 2004, the liability for unused sick leave had not been determined. 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, 2004 the estimated unused accrued compensatory time off was amounted to approximately \$7,465.05. The amount attributed to proprietary funds could not be determined. The amount to be paid from current resources is not significant.

I.H. DEPARTURES FROM GAAP

The City does not maintain the General Fixed Asset Account Group or complete detailed proprietary fund fixed assets records.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.H. DEPARTURES FROM GAAP (CONTINUED)

The City exceeded budget appropriation in the General Fund by \$773,073.70 for the year ended June 30, 2004.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

II.A. PLEDGED SECURITIES

Although the City has adequate collateral pledged to secure the City's deposits in excess of federal depository insurance as indicated in Note III.A.1, under the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), a pledge of collateral for a deposit is not valid against the FDIC unless it satisfies the following requirements:

1. The security agreement must be in writing.
2. It must be executed contemporaneously with the acquisition of the asset by the depository institution.
3. It must be approved by the depository institution's board of directors or loan committee, and that approval must be reflected in the minutes of the board or committee.
4. It must be an official record of the depository institution continuously since it was executed.

As a result of concerns by governmental units, the Riegle Community Development and Regulatory Improvement Act of 1994 contained a clause that eliminated the requirement that the security agreement be executed contemporaneously with the acquisition of the collateral or changes in the collateral. Therefore, this requirement in item B no longer applies.

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:

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

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)**

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

Distributions from the Construction Fund

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

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

Application of Moneys in the 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.

Notes to the Financial Statements (Continued)
April 30, 2004

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)**

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 **Capital Lease Obligations**

On February 4, 2004, the City entered into a lease-purchase agreement with Commerce Bank, NA for a New Holland tractor. The lease is payable annually at \$6,541.11, final payment due February 4, 2006, subject to non-appropriation of funds. Total cost of the tractor is \$19,623.33.

On January 8, 2004, the City entered into a lease-purchase agreement with Commerce Bank, NA for a police vehicle. The lease is payable annually at \$6,765.62, final payment due January 8, 2006, subject to non-appropriation of funds. Total cost of vehicle is \$20,296.86.

On January 24, 2003, the City entered into a lease-purchase agreement with Commerce Bank, NA for a Ford truck. The lease is payable annually at \$7,350.79, final payment due January 24, 2005, subject to non-appropriation of funds. Total cost of vehicle is \$22,052.37.

On October 15, 2002, the City entered into a lease-purchase agreement with Commerce Bank, NA for a Case 580 Backhoe. The lease is payable annually at \$10,167.60, final payment due October 15, 2004, subject to non-appropriation of funds. Total cost of the backhoe is \$30,502.80.

On August 1, 2002, the City entered into a lease-purchase agreement with Commerce Bank, NA for two police vehicles and an animal control truck. The lease is payable annually at \$17,975.20, final payment due August 1, 2004, subject to non-appropriation of funds. Total cost of the vehicles is \$53,925.60.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.B. GENERAL OBLIGATION DEBT (CONTINUED)

II.B.2 **Capital Lease Obligations (Continued)**

On March 1, 1999, the City entered into a lease-purchase agreement with Freeman Health Systems for a City Hall facility. The lease is payable monthly at \$329.17, final payment due February 1, 2009, subject to non-appropriation of funds. Total cost of building is \$40,000.

On December 6, 1995, the City entered into a municipal lease and option agreement with Municipal Financial Group, Inc. to erect two new water towers, drill a new well and install 8" water lines. The lease is payable at \$34,576.75 semi-annually, final payment due December 6, 2005 subject to non-appropriation of funds. Total cost of project \$537,598.85.

II.B.3 **Notes Payable**

On October 21, 1997, the City purchased a building to be used by the Street Department and Water Department. In connection with the purchase, the City assumed a promissory note in the amount of \$75,000.00, the beneficiary of which is the Beth I. Henkley Trust. Payments are due with interest at 9% at \$1,098.77 per month, final payment by August 8, 2005. Note due April 30, 2005, renewable annually by City board of Aldermen.

II.C. PROPRIETARY FUND DEBT

II.C.1 **Revenue Bonds (State Revolving Fund Program) Series 2002**

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

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

Distributions from the Construction Fund

The City has assigned the proceeds of the Bonds held in the Construction Account to the State Environmental Improvements and Energy Resources Authority (the Authority) to

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.C. PROPRIETARY FUND DEBT (CONTINUED)

II.C.1 **Revenue Bonds (State Revolving Fund Program) Series 2002 (Continued)**

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.

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.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.C. PROPRIETARY FUND DEBT (CONTINUED)

II.C.2 **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. 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.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

IV. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.C. PROPRIETARY FUND DEBT (CONTINUED)

II.C.2 **Revenue Bonds (State Revolving Fund Program) Series 2003 (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 service 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 GROUPS

III.A. ASSETS

III.A.1 **Deposits and Investments**

Deposits-

The City's policies regarding deposits of cash are discussed in Note I.F.1. The table presented below is designed to disclose the level of custody credit risk assumed by the City based upon how its deposits were insured or secured with collateral at April 30, 2004. The categories of credit risk are defined as follows:

- Category 1 - Insured by FDIC or collateralized with securities held by the City or by its agent in its name.
- Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 - Uninsured and uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not the City's name).

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

IV. DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS (CONTINUED)

III.A. ASSETS (CONTINUED)

III.A.1 Deposits and Investments (Continued)

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Custody Credit Risk Category</u>			<u>Total Carrying Value</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Demand deposits	<u>\$2,730,569.73</u>	<u>\$100,000.00</u>	<u>\$ -</u>	<u>\$2,630,569.73</u>	<u>\$2,567,963.37</u>
Total Deposits	<u>\$2,730,569.73</u>	<u>\$100,000.00</u>	<u>\$ -</u>	<u>\$2,630,569.73</u>	<u>\$2,567,963.37</u>
Petty cash					<u>650.00</u>
					<u>\$2,568,613.37</u>
<u>Reconciliation to Combined Balance Sheet</u>					
Unrestricted Cash and Cash Equivalents (including certificates of deposit)					<u>\$2,404,484.91</u>
Restricted Cash and Cash Equivalents (including certificates of deposit)					<u>164,128.46</u>
					<u>\$2,568,613.37</u>

Investments -

The City's policies and applicable laws regarding investments are discussed in Note I.F.1. During the year ended April 30, 2004 the City invested idle funds in interest bearing deposit accounts with the Community Bank & Trust.

III.A.2 Restricted Assets

The restricted assets as of April 30, 2004 were as follows:

General Fund-		
Customer Deposits and Bonds	\$	8,622.99
Reserved for Construction		<u>52,374.31</u>
	\$	<u>60,997.30</u>
Enterprise Fund-		
Replacements	\$	24,588.89
Customer Deposits		<u>78,542.27</u>
	\$	<u>103,131.16</u>

The amounts above are composed of:

Deposits- Community Bank and Trust, Carl Junction, Missouri	\$	<u>164,128.46</u>
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CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

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

III.A. ASSETS (CONTINUED)

III.A.3 **Property and Equipment**

As explained in Note I.F.3 detail records are unavailable to report the fixed assets used by governmental type funds in a general fixed asset account group and the fixed assets used by proprietary funds.

III.B. LIABILITIES

III.B.1 **Long-Term Debt**

The City's long-term debt is to be repaid from governmental type funds (General Long-Term Debt).

General Long-Term Debt

As of April 30, 2004, the general long-term debt consisted of the following:

Bonds Payable

1994 Series General Obligation Bonds (State Revolving Fund Program) Series 1994, original issue amount \$1,300,000, dated November 1, 1994, interest rates from 5.25% to 7.20%, final maturity January 2014.	\$1,170,000.00
2002 Series Revenue Bonds (State Revolving Fund Program) Series 2002, original issue amount \$860,000, dated May 8, 2002, interest rates from 3.00% to 5.15%, final maturity January 2023.	825,000.00
2003 Series Revenue Bonds (State Revolving Fund Program) Series 2003, original issue amount \$1,760,000.00, dated April 3, 2003, interest rates from 2.00% to 4.70%, final maturity January 2024.	<u>1,760,000.00</u>
Total General Long-Term Debt	<u>\$3,755,000.00</u>

Capital Lease Obligations

Lease purchase agreement on tractor, \$6,541.11 payable annually, final payment due February 4, 2006	\$ 12,358.89
Lease purchase agreement on police vehicle, \$6,765.62 payable annually, final payment due January 8, 2006	12,767.90

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

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

III.B. LIABILITIES (CONTINUED)

III.B.1 Long-Term Debt (Continued)

Capital Lease Obligations (Continued)

Lease purchase agreement on truck, \$7,350.79 payable annually, final payment due January 24, 2005	7,072.83
Lease purchase agreement on backhoe, \$10,167.60 payable annually, final payment due October 15, 2004	9,832.31
Lease purchase agreement on three vehicles, \$17,975.20 payable annually, final payment due August 1, 2004	17,310.46
Lease purchase agreement on building, \$329.17 payable monthly, final payment due February 1, 2009	19,091.46
Municipal lease agreement on water project, payable semi-annually at \$34,576.75, final payment due December 6, 2005	<u>97,945.38</u>
Total Capital Lease Obligations	<u>\$ 176,379.23</u>

Notes Payable

Notes payable on a building, payable monthly at \$1,098.77, final payment due August 8, 2005	<u>\$ 16,507.69</u>
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Accrued Compensated Absences

Accrued compensated absences are comprised of compensatory time off	<u>\$ 7,465.05</u>
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Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2004:

Balance	Balance			
<u>Type of Debt</u>	<u>April 30, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>April 30, 2004</u>
General Long-Term Debt:				
General Obligation				
Bonds Payable	\$1,190,000.00	\$ -0-	\$ 20,000.00	\$1,170,000.00
Revenue Bonds Payable	2,620,000.00	-0-	35,000.00	2,585,000.00

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

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

III.B. LIABILITIES (CONTINUED)

III.B.1 Long-Term Debt (Continued)

Changes in Long-Term Debt (Continued)

Capital Lease Obligations	256,088.35	38,433.52	118,142.64	176,379.23
Notes Payable	27,656.29	-0-	11,148.60	16,507.69
Accrued Compensated Absences	<u>6,263.06</u>	<u>1,201.99</u>	<u>-0-</u>	<u>7,465.05</u>
Total General Long-Term Debt	<u>\$4,100,007.70</u>	<u>\$ 39,635.51</u>	<u>\$ 184,291.24</u>	<u>\$3,955,351.97</u>

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, 2004 are as follows:

Year Ending April 30,	General Long-Term Debt	Capital Lease Obligations	Notes Payable
2005	\$ 327,852.52	\$ 121,903.86	\$ 13,185.24
2006	323,822.52	51,833.52	4,395.08
2007	319,692.52	3,950.04	
2008	440,310.02	3,950.04	
2009	432,002.52	3,291.30	
2010-2014	2,025,067.60		
2015-2019	964,281.32		
2020-2024	<u>839,830.02</u>		
Total Principal and interests	\$5,672,859.04	\$ 184,928.76	\$ 17,580.32
Less interest	<u>1,917,859.04</u>	<u>8,549.53</u>	<u>1,072.63</u>
Principal Outstanding at April 30, 2004	<u>\$3,755,000.00</u>	<u>\$ 176,379.23</u>	<u>\$ 16,507.69</u>

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

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

III.C. FUND EQUITY

III.C.1 **Reserved Fund Equity**

Reservations of equity show amounts that are not appropriate for expenditure or are legally restricted for specific uses. The purpose for each is indicated by the account title on the face of the Statement of Assets and Liabilities Arising from Cash Transactions.

III.C.2 **Designated Fund Equity**

Designations of equity are used to show the amounts within unreserved equity that are intended to be used for specific purposes, but are not legally restricted.

IV. POST EMPLOYMENT BENEFITS

IV.A. EMPLOYEE PENSION PLAN

1. 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. LAGERS was created and is 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 401a 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.

2. Funding Status

The City of Carl Junction's full-time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 0.6% (general), 0.6% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

IV. POST EMPLOYMENT BENEFITS (CONTINUED)

IV.A. EMPLOYEE PENSION PLAN (CONTINUED)

3. Annual Pension Cost

For 2003, the political subdivision's annual pension cost of \$32,320 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2001 and/or February 28, 2002 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) pre-retirement mortality based on the 1983 Group Annuity Mortality table and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 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 at February 28, 2003 was 15 years.

Fiscal Year <u>Ending</u>	<u>Three-Year Trend Information</u>		
	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
06/30/01	\$24,755	100%	\$0
06/30/02	\$24,435	100%	\$0
06/30/03	\$32,320	100%	\$0

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation <u>Date</u>	(a)	(b)	(b-a)	(a/b) <u>Ratio</u>	(c)	((b-a)/c)
	Actuarial Value <u>of Assets</u>	Entry Age Actuarial Liability <u>Liability</u>	Unfunded Accrued Liability <u>(UAL)</u>		Annual Covered Payroll <u>Payroll</u>	UAL as a Percentage of Covered <u>Payroll</u>
02/28/01	\$ 400,140	\$212,524	\$ (187,616)	188%	\$ 481,333	
02/28/02	433,286	237,697	(195,589)	182%	475,288	
02/28/03	486,599	315,134	(171,465)	154%	698,683	

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

IV. POST EMPLOYMENT BENEFITS (CONTINUED)

IV.A. EMPLOYEE PENSION PLAN (CONTINUED)

3. Annual Pension Cost (Continued)

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

V. RISK MANAGEMENT

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

V.A. 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.

V.B. 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.

CITY OF CARL JUNCTION, MISSOURI
Notes to the Financial Statements (Continued)
April 30, 2004

VI. 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, 2004, is presented as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating Revenues	\$ 408,338.47	\$ 552,222.30
Operating Income (Loss)	\$ (3,215.46)	\$ 105,285.93
Net Income (Loss)	\$ 133.17	\$ 111,584.98
Total Assets	\$ 411,033.49	\$ 521,579.25
Total Liabilities	\$ 6,892.87	\$ 71,649.40
Total Equity	\$ 404,140.62	\$ 449,929.85

CITY OF CARL JUNCTION, MISSOURI

SPECIAL REVENUE FUNDS

Combining Statement of Assets and Liabilities Arising from Cash Transaction
April 30, 2004

	<u>Street and Alley</u>	<u>Parks</u>	<u>City Sales Tax</u>	<u>Municipal Court</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 35,954.71	\$106,498.91	\$ 579,847.78	\$ 3.00	\$ 722,304.40
Total Assets	<u>\$ 35,954.71</u>	<u>\$106,498.91</u>	<u>\$ 579,847.78</u>	<u>\$ 3.00</u>	<u>\$ 722,304.40</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance	<u>35,954.71</u>	<u>106,498.91</u>	<u>579,847.78</u>	<u>3.00</u>	<u>722,304.40</u>
Total Liabilities and Fund Balance	<u>\$ 35,954.71</u>	<u>\$106,498.91</u>	<u>\$ 579,847.78</u>	<u>\$ 3.00</u>	<u>\$ 722,304.40</u>

See Accountants' Report on Supplementary Information.

CITY OF CARL JUNCTION, MISSOURI
SPECIAL REVENUE FUNDS

Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance
For the fiscal year ended April 30, 2004

	Street and Alley	Parks	City Sales Tax	Municipal Court	Total
REVENUES					
Taxes	\$ 93,920.89	\$ -	\$ 229,344.57	\$ -	\$ 323,265.46
Intergovernmental	386,113.62	-	-	-	386,113.62
Licenses and permits	772.50	-	-	-	772.50
Charges for service	-	17,941.64	-	-	17,941.64
Fines, forfeits and penalties	-	-	-	79,986.77	79,986.77
Use of money and property	12,984.33	-	5,506.65	-	18,490.98
Miscellaneous	1,756.10	-	-	-	1,756.10
Total Revenues Collected	\$ 495,547.44	\$ 17,941.64	\$ 234,851.22	\$ 79,986.77	\$ 828,327.07
EXPENDITURES PAID					
Current:					
Public safety	\$ -	\$ -	\$ -	\$ 86,391.08	\$ 86,391.08
Highway and street	724,026.38	-	-	-	724,026.38
Culture and recreation	-	71,577.88	-	-	71,577.88
Total Expenditures Paid	\$ 724,026.38	\$ 71,577.88	\$ -	\$ 86,391.08	\$ 881,995.34
EXCESS OF REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ (228,478.94)	\$ (53,636.24)	\$ 234,851.22	\$ (6,404.31)	\$ (53,668.27)
OTHER FINANCING SOURCES COLLECTED (USES PAID)					
Transfers:					
From City Sales Tax Fund	\$ 94,103.94	\$150,697.00	\$ -	\$ -	\$ 244,800.94
To Street and Alley Fund	-	-	(94,103.94)	-	(94,103.94)
To Park Fund	-	-	(150,697.00)	-	(150,697.00)
Total Other Financing Sources Collected (Uses Paid)	\$ 94,103.94	\$150,697.00	\$ (244,800.94)	\$ -	\$ -
EXCESS OF REVENUES AND OTHER SOURCES COLLECTED OVER (UNDER) EXPENDITURES AND OTHER USES PAID	\$ (134,375.00)	\$ 97,060.76	\$ (9,949.72)	\$ (6,404.31)	\$ (53,668.27)
FUND BALANCES - May 1, 2003	170,329.71	9,438.15	589,797.50	6,407.31	775,972.67
FUND BALANCES - April 30, 2004	\$ 35,954.71	\$106,498.91	\$ 579,847.78	\$ 3.00	\$ 722,304.40

CITY OF CARL JUNCTION, MISSOURI
STREET AND ALLEY FUND

Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances -
 Actual and Budget
 For the fiscal year ended April 30, 2004

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
REVENUES COLLECTED:			
Taxes:			
Transportation sales tax	\$ 93,920.89	\$ 90,000.00	\$ 3,920.89
Intergovernmental:			
Motor vehicle tax	66,268.78	60,000.00	6,268.78
State gasoline tax	150,844.84	130,000.00	20,844.84
Grant	169,000.00	-	169,000.00
Licenses and permits	772.50	1,000.00	(227.50)
Use of money and property:			
Interest on investments	1,255.44	2,500.00	(1,244.56)
Sale of materials	128.89	-	128.89
Stormwater buyouts	11,600.00	-	11,600.00
Miscellaneous	1,756.10	500.00	1,256.10
	<u>\$ 495,547.44</u>	<u>\$ 284,000.00</u>	<u>\$ 211,547.44</u>
EXPENDITURES PAID:			
Current:			
Highways and Streets:			
Personal services	\$ 114,990.41	\$ 106,980.00	\$ (8,010.41)
Commodities	27,253.06	35,725.00	8,471.94
Contractual	46,589.82	45,790.00	(799.82)
Maintenance	524,026.40	210,200.00	(313,826.40)
Capital Outlay	9,964.69	14,900.00	4,935.31
Miscellaneous	1,202.00	2,000.00	798.00
	<u>\$ 724,026.38</u>	<u>\$ 415,595.00</u>	<u>\$(308,431.38)</u>
EXCESS OF REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ (228,478.94)	\$ (131,595.00)	\$ (96,883.94)
OTHER FINANCING SOURCES COLLECTED (USES) PAID			
Transfer from Sales Tax Fund	94,103.94	24,500.00	69,603.94
EXCESS OF REVENUES AND OTHER FINANCING SOURCES COLLECTED OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES PAID	\$ (134,375.00)	\$ (107,095.00)	\$ (27,280.00)
FUND BALANCE - May 1, 2003	<u>170,329.71</u>	<u>170,329.71</u>	<u>-</u>
FUND BALANCE - April 30, 2004	<u>\$ 35,954.71</u>	<u>\$ 63,234.71</u>	<u>\$ (27,280.00)</u>

See Accountants' Report on Supplementary Information.

CITY OF CARL JUNCTION, MISSOURI

PARK FUND

Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance -
Actual and Budget
For the fiscal year ended April 30, 2004

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES COLLECTED:			
Charges for services:			
Swimming pool fees and concession	\$ 17,941.64	\$ 48,500.00	\$ (30,558.36)
Total Revenues Collected	<u>\$ 17,941.64</u>	<u>\$ 48,500.00</u>	<u>\$ (30,558.36)</u>
EXPENDITURES PAID:			
Current:			
Culture and recreation:			
Personal services	\$ 36,674.16	\$ 55,974.00	\$ 19,299.84
Commodities	7,015.87	20,500.00	13,484.13
Contractual	9,850.15	12,673.00	2,822.85
Maintenance	11,864.27	7,000.00	(4,864.27)
Miscellaneous	1,206.01	3,500.00	2,293.99
Capital Outlay	4,967.42	109,750.00	104,782.58
Total Expenditures Paid	<u>\$ 71,577.88</u>	<u>\$ 209,397.00</u>	<u>\$ 137,819.12</u>
EXCESS OF REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ (53,636.24)	\$(160,897.00)	\$ 107,260.76
OTHER FINANCING SOURCES COLLECTED (USES) PAID			
Transfer from City Sales Tax Fund	<u>\$ 150,697.00</u>	<u>\$ 150,697.00</u>	<u>\$ -</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES COLLECTED OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES PAID	\$ 97,060.76	\$ (10,200.00)	\$ 107,260.76
FUND BALANCE - May 1, 2003	<u>9,438.15</u>	<u>9,438.15</u>	<u>-</u>
FUND BALANCE - April 30, 2004	<u><u>\$ 106,498.91</u></u>	<u><u>\$ (761.85)</u></u>	<u><u>\$ 107,260.76</u></u>

See Accountants' Report on Supplementary Information.

CITY OF CARL JUNCTION, MISSOURI
CITY SALES TAX FUND

Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance -
 Actual and Budget

For the fiscal year ended April 30, 2004

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES COLLECTED:			
Taxes:			
Sales tax	\$ 229,344.57	\$ 210,000.00	\$ 19,344.57
Use of money and property:			
Interest on investments	5,506.65	10,500.00	(4,993.35)
Total Revenues Collected	\$ 234,851.22	\$ 220,500.00	\$ 14,351.22
EXPENDITURES PAID:			
General government:			
Miscellaneous	\$ -	\$ -	\$ -
Total Expenditures Paid	\$ -	\$ -	\$ -
EXCESS OF REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ 234,851.22	\$ 220,500.00	\$ 14,351.22
OTHER FINANCING SOURCES COLLECTED (USES) PAID			
Transfer to Park Fund	\$ (150,697.00)	\$ (150,697.00)	\$ -
Transfer to Street and Alley Fund	(94,103.94)	(24,500.00)	(69,603.94)
Transfer to General Revenue Fund	-	(69,803.00)	69,803.00
Total Other Financing Sources Collected (Uses Paid)	\$ (244,800.94)	\$ (245,000.00)	\$ 199.06
EXCESS OF REVENUES AND OTHER FINANCING SOURCES COLLECTED OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES PAID	\$ (9,949.72)	\$ (24,500.00)	\$ 14,550.28
FUND BALANCE - May 1, 2003	589,797.50	589,797.50	-
FUND BALANCE - April 30, 2004	\$ 579,847.78	\$ 565,297.50	\$ 14,550.28

See Accountants' Report on Supplementary Information.

CITY OF CARL JUNCTION, MISSOURI
WATERWORKS OPERATION AND MAINTENANCE ACCOUNT
Statement of Revenues Collected, Expenditures Paid and Changes in Retained Earnings -
Actual and Budget
For the fiscal year ended April 30, 2004

	Actual	Budget	Variance Favorable (Unfavorable)
OPERATING REVENUES COLLECTED			
Charges for services:			
Water sales	\$ 483,893.21	\$ 507,500.00	\$ (23,606.79)
Utility sales tax	9,986.07	200.00	9,786.07
Total Charges for Services	<u>\$ 493,879.28</u>	<u>\$ 507,700.00</u>	<u>\$ (13,820.72)</u>
Other:			
Primacy fee	\$ 4,318.51	\$ 100.00	\$ 4,218.51
Penalties	25,973.26	26,000.00	(26.74)
Meter connections	28,051.25	10,000.00	18,051.25
Total Operating Revenues Collected	<u>\$ 552,222.30</u>	<u>\$ 543,800.00</u>	<u>\$ 8,422.30</u>
OPERATING EXPENDITURES PAID			
Personal services:			
Salaries and wages	\$ 122,779.59	\$ 119,106.00	\$ (3,673.59)
Pensions and retirement	10,385.97	10,910.00	524.03
Employee benefits	19,625.01	18,900.00	(725.01)
Commodities:			
Chemicals	-	3,000.00	3,000.00
Gas and oil	5,978.16	5,000.00	(978.16)
Supplies	72,754.49	79,600.00	6,845.51
Contractual:			
Utilities	48,414.97	72,800.00	24,385.03
Sales tax	9,818.43	-	(9,818.43)
Insurance	8,994.41	9,015.00	20.59
Primacy fee	4,262.62	-	(4,262.62)
Maintenance:			
System repairs	5,422.74	5,000.00	(422.74)
Capital Outlay	51,420.90	412,905.00	361,484.10
Debt Service	57,861.52	-	(57,861.52)
Other:			
Professional fees	25,637.71	16,000.00	(9,637.71)
Miscellaneous	3,579.85	6,050.00	2,470.15
Total Operating Expenditures Paid	<u>\$ 446,936.37</u>	<u>\$ 758,286.00</u>	<u>\$ 311,349.63</u>
OPERATING REVENUES COLLECTED OVER (UNDER) OPERATING EXPENDITURES PAID	<u>\$ 105,285.93</u>	<u>\$ (214,486.00)</u>	<u>\$ 319,771.93</u>
NON-OPERATING REVENUES COLLECTED (EXPENDITURES PAID)			
Other:			
Interest Received	\$ 2,487.77	\$ 3,500.00	\$ (1,012.23)
Miscellaneous	-	99,500.00	(99,500.00)
Net Planning and Zoning Fees	(2,069.85)	(1,400.00)	(669.85)
Total Non-Operating Revenues Collected (Expenditures Paid)	<u>\$ 417.92</u>	<u>\$ 101,600.00</u>	<u>\$(101,182.08)</u>
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES COLLECTED	<u>\$ 105,703.85</u>	<u>\$ (112,886.00)</u>	<u>\$ 218,589.85</u>
OTHER FINANCING SOURCES COLLECTED (USES PAID)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OF REVENUES AND TRANSFERS COLLECTED OVER (UNDER) EXPENDITURES PAID AND TRANSFERS PAID	<u>\$ 105,703.85</u>	<u>\$ (112,886.00)</u>	<u>\$ 218,589.85</u>
RETAINED EARNINGS - May 1, 2003	362,590.25	362,590.25	-
RETAINED EARNINGS - April 30, 2004	<u><u>\$ 468,294.10</u></u>	<u><u>\$ 249,704.25</u></u>	<u><u>\$ 218,589.85</u></u>

See Accountants' Report on Supplementary Information

CITY OF CARL JUNCTION, MISSOURI
SEWER OPERATION AND MAINTENANCE ACCOUNT
Statement of Revenues Collected, Expenditures Paid and Changes in Retained Earnings -
Actual and Budget
For the fiscal year ended April 30, 2004

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES COLLECTED			
Charges for services:			
Sewer sales	\$ 311,511.41	\$ 299,000.00	\$ 12,511.41
Airport Drive Sewer	54,375.00	65,000.00	(10,625.00)
Total Charges for Services	<u>\$ 365,886.41</u>	<u>\$ 364,000.00</u>	<u>\$ 1,886.41</u>
Other:			
Sewer connections	42,452.06	15,075.00	27,377.06
Total Operating Revenues Collected	<u>\$ 408,338.47</u>	<u>\$ 379,075.00</u>	<u>\$ 29,263.47</u>
OPERATING EXPENDITURES PAID			
Personal services:			
Salaries and wages	\$ 124,883.74	\$ 119,756.00	\$ (5,127.74)
Pensions and retirement	10,554.79	10,945.00	390.21
Employee benefits	25,162.00	26,250.00	1,088.00
Commodities:			
Chemicals	1,484.76	3,000.00	1,515.24
Gas and oil	1,393.52	2,300.00	906.48
Supplies	58,756.03	35,500.00	(23,256.03)
Contractual:			
Utilities	28,585.33	31,700.00	3,114.67
Insurance	8,994.41	9,015.00	20.59
Maintenance:			
System repairs	8,758.99	5,000.00	(3,758.99)
Capital outlay	70,920.11	106,600.00	35,679.89
Debt Service	44,796.48	53,500.00	8,703.52
Other:			
Professional fees	22,705.45	12,000.00	(10,705.45)
Miscellaneous	4,558.32	5,550.00	991.68
Total Operating Expenditures Paid	<u>\$ 411,553.93</u>	<u>\$ 421,116.00</u>	<u>\$ 9,562.07</u>
OPERATING REVENUES COLLECTED OVER (UNDER) OPERATING EXPENDITURES PAID	<u>\$ (3,215.46)</u>	<u>\$ (42,041.00)</u>	<u>\$ 38,825.54</u>
NON-OPERATING REVENUES COLLECTED (EXPENDITURES PAID)			
Interest Received	\$ 6,331.17	\$ 7,500.00	\$ (1,168.83)
Net Planning and Zoning Fees	(2,069.88)	(1,400.00)	(669.88)
Total Non-Operating Revenues Collected (Expenditures Paid)	<u>\$ 4,261.29</u>	<u>\$ 6,100.00</u>	<u>\$ (1,838.71)</u>
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES COLLECTED	<u>\$ 1,045.83</u>	<u>\$ (35,941.00)</u>	<u>\$ 36,986.83</u>
OTHER FINANCING SOURCES COLLECTED (USES PAID)			
Operating transfers out	\$ (18,000.00)	\$ (18,000.00)	\$ -
Net Other Financing Sources Collected (Uses Paid)	<u>\$ (18,000.00)</u>	<u>\$ (18,000.00)</u>	<u>\$ -</u>
EXCESS OF REVENUES AND TRANSFERS COLLECTED OVER (UNDER) EXPENDITURES AND TRANSFERS PAID	<u>\$ (16,954.17)</u>	<u>\$ (53,941.00)</u>	<u>\$ 36,986.83</u>
RETAINED EARNINGS - May 1, 2003	<u>396,505.90</u>	<u>396,505.90</u>	<u>-</u>
RETAINED EARNINGS - April 30, 2004	<u><u>\$ 379,551.73</u></u>	<u><u>\$ 342,564.90</u></u>	<u><u>\$ 36,986.83</u></u>

See Accountants' Report on Supplementary Information

CITY OF CARL JUNCTION, MISSOURI

Schedule of Expenditures of Federal Awards

For the Year Ended April 30, 2004

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Homeland Security			
Pass-through programs from:			
State of Missouri Emergency Management Agency	97.036	N/A	<u>\$ 647,079.56</u> *
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u><u>\$ 647,079.56</u></u>
Department of Housing and Urban Development			
Pass-through programs from:			
Missouri Department of Economic Development - Community Development Block Grants/State's Program	14.228	N/A	<u>\$ 349,770.24</u> *
TOTAL DEPT OF HOUSING AND URBAN DEVELOPMENT			<u><u>\$ 349,770.24</u></u>
Department of Agriculture			
Direct program:			
Community Facilities Loans and Grants	10.766	N/A	<u>\$ 69,000.00</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u><u>\$ 69,000.00</u></u>
Department of Justice			
Direct program:			
Community Oriented Policing Services (COPS) Grant	16.710	N/A	<u>\$ 11,462.02</u>
TOTAL DEPARTMENT OF JUSTICE			<u><u>\$ 11,462.02</u></u>
TOTAL FEDERAL AWARDS			<u><u>\$ 1,077,311.82</u></u>

* Denotes major program

See notes to Schedule of Expenditures of Federal Awards

CITY OF CARL JUNCTION, MISSOURI
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2004

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Carl Junction, Missouri and is presented on the cash basis of accounting wherein amounts are recognized when cash is received or disbursed. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF CARL JUNCTION, MISSOURI
Summary Schedule of Prior Audit Findings
For the Year Ended April 30, 2004

This was the first year the City required preparation of a Schedule of Expenditures of Federal Awards. As such, there are no prior audit findings.



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

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

We have audited the financial statements of City of Carl Junction, Missouri as of and for the year ended April 30, 2004, and have issued our report thereon dated June 11, 2004. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Carl Junction, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Carl Junction, Missouri's financial statements are free of 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

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
(CONTINUED)

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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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

Joplin, Missouri
November 5, 2004



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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of City of Carl Junction, Missouri with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended April 30, 2004. City of Carl Junction, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Carl Junction, Missouri's management. Our responsibility is to express an opinion on City of Carl Junction, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Carl Junction, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Carl Junction, Missouri's compliance with those requirements.

In our opinion, City of Carl Junction, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2004.

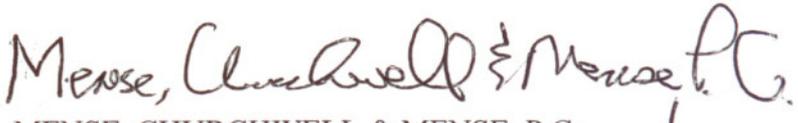
REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance

The management of City of Carl Junction, Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Carl Junction, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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

Joplin, Missouri
November 5, 2004

CITY OF CARL JUNCTION, MISSOURI
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2004

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of City of Carl Junction, Missouri.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of City of Carl Junction, Missouri, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions in internal control over major federal awards program were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for City of Carl Junction, Missouri expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:
 - State of Missouri Emergency Management Agency - CFDA #97.036
 - Community Development Block Grants/State's Program - CFDA #14.228
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. City of Carl Junction, Missouri was not determined to be a low risk auditee.