

City of Carl Junction, Missouri

Basic Financial Statements
Year Ended April 30, 2024

KPM
CPAS & ADVISORS

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Carl Junction, Missouri as of April 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Carl Junction, Missouri and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

www.kpmcpa.com

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Carl Junction, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Carl Junction, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2024, on our consideration of the City of Carl Junction, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Carl Junction, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
August 30, 2024

Management's Discussion and Analysis

City of Carl Junction

Management's Discussion and Analysis

April 30, 2024

The Management's Discussion and Analysis of the City of Carl Junction's financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2024. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$1,493,451 as a result of current year activities. The net position of the City's business-type activities decreased by \$247,971 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of April 30, 2024, by \$40,656,404 (net position). Of this amount \$6,075,342 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City decreased by \$536,672 due to the net effect of principal payments made.

Using this Report

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position – the difference between assets and deferred outflows and liabilities and deferred inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary sources of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.

City of Carl Junction

Management's Discussion and Analysis

April 30, 2024

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds and not the City as a whole. However, the Board of Aldermen establishes funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

Enterprise Funds

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

City of Carl Junction

Management's Discussion and Analysis

April 30, 2024

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of April 30, 2024 and 2023:

| | Governmental Activities | Business-Type Activities | Total April 30, 2024 | Total April 30, 2023 |
|--------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Assets | | | | |
| Current and other assets | \$ 5,982,592 | \$ 5,853,111 | \$ 11,835,703 | \$ 11,255,227 |
| Net pension asset | - | - | - | 348,340 |
| Capital assets | 20,744,196 | 14,120,222 | 34,864,418 | 35,236,438 |
| | <u>26,726,788</u> | <u>19,973,333</u> | <u>46,700,121</u> | <u>46,840,005</u> |
| Deferred Outflow of Resources | 266,216 | 228,455 | 494,671 | 260,909 |
| Liabilities | | | | |
| Other liabilities | 1,098,984 | 440,517 | 1,539,501 | 1,621,102 |
| Long-term liabilities | 1,421,499 | 3,205,898 | 4,627,397 | 5,164,069 |
| | <u>2,520,483</u> | <u>3,646,415</u> | <u>6,166,898</u> | <u>6,785,171</u> |
| Deferred Inflow of Resources | <u>281,368</u> | <u>90,122</u> | <u>371,490</u> | <u>904,819</u> |
| Net Position | | | | |
| Net investment in capital assets | 19,023,474 | 13,122,472 | 32,145,946 | 31,877,537 |
| Restricted | 2,253,592 | 352,974 | 2,606,566 | 2,761,099 |
| Unrestricted | 2,914,087 | 2,989,805 | 5,903,892 | 4,772,288 |
| | <u>\$ 24,191,153</u> | <u>\$ 16,465,251</u> | <u>\$ 40,656,404</u> | <u>\$ 39,410,924</u> |

Total net position of the City increased by \$1,493,451 for the year due to current year activity. Total liabilities for the City have decreased by \$618,273. Restricted net position of the City totaled \$2,606,566 as of April 30, 2024.

City of Carl Junction

Management's Discussion and Analysis

April 30, 2024

Changes in Net Position

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total Year Ended April 30, 2024</u> | <u>Total Year Ended April 30, 2023</u> |
|---|------------------------------------|-------------------------------------|--|--|
| Revenues and Special Items | | | | |
| Program Revenues | | | | |
| Charges for services | \$ 358,462 | \$ 2,777,588 | \$ 3,136,050 | \$ 3,092,871 |
| Operating grants and contributions | 145,902 | - | 145,902 | 309,481 |
| Capital grants and contributions | 828,824 | - | 828,824 | 955,120 |
| General Revenues | | | | |
| Ad valorem taxes | 973,215 | - | 973,215 | 886,243 |
| Sales taxes | 1,094,778 | - | 1,094,778 | 1,192,148 |
| Motor vehicle and gas taxes | 420,051 | - | 420,051 | 384,266 |
| Franchise fees | 554,639 | - | 554,639 | 560,142 |
| Interest | 82,503 | 146,496 | 228,999 | 5,209 |
| Other revenue | 63,944 | - | 63,944 | 43,812 |
| Gain on Disposal of Assets | 125,342 | - | 125,342 | - |
| Total Revenues and Special Items | <u>4,647,660</u> | <u>2,924,084</u> | <u>7,571,744</u> | <u>7,429,292</u> |
| Expenses | | | | |
| Administrative | 509,585 | - | 509,585 | 404,341 |
| Police | 1,251,039 | - | 1,251,039 | 1,270,058 |
| Municipal court | 47,302 | - | 47,302 | 45,622 |
| Planning and zoning | 3,553 | - | 3,553 | 1,984 |
| Building inspector | 25,631 | - | 25,631 | 28,369 |
| Community service | 31,612 | - | 31,612 | 22,050 |
| Street | 859,414 | - | 859,414 | 950,466 |
| Parks | 281,828 | - | 281,828 | 312,690 |
| Stormwater | 35,402 | - | 35,402 | - |
| Non-departmental | 77,536 | - | 77,536 | 254,880 |
| Debt service | 31,307 | - | 31,307 | 48,877 |
| Water | - | 1,416,607 | 1,416,607 | 1,278,714 |
| Sewer | - | 1,755,448 | 1,755,448 | 1,587,155 |
| Total Expenses | <u>3,154,209</u> | <u>3,172,055</u> | <u>6,326,264</u> | <u>6,205,206</u> |
| <i>Change in Net Position</i> | <u>\$ 1,493,451</u> | <u>\$ (247,971)</u> | <u>\$ 1,245,480</u> | <u>\$ 1,224,086</u> |

City of Carl Junction

Management's Discussion and Analysis

April 30, 2024

Governmental Activities

Governmental activities increased the net position of the City by \$1,493,451. Tax revenues for the City were \$3,042,683, which represents 65% of the funding of these activities. Program revenues for the functions totaled \$1,333,188, or 29% of the funding. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Carl Junction's Governmental Activities

| | Total Cost of Services | Net Cost of Services |
|-----------------------------|-----------------------------------|---------------------------------|
| Administrative | \$ 509,585 | \$ 165,829 |
| Police | 1,251,039 | 1,088,852 |
| Municipal court | 47,302 | 47,302 |
| Planning and zoning | 3,553 | 3,553 |
| Building inspector | 25,631 | (5,654) |
| Community service | 31,612 | (18,940) |
| Street | 859,414 | 859,414 |
| Parks | 281,828 | (386,044) |
| Stormwater | 35,402 | 35,402 |
| Non-departmental | 77,536 | - |
| Interest and fiscal charges | 31,307 | 31,307 |
| | <u>\$ 3,154,209</u> | <u>\$ 1,821,021</u> |

Business-Type Activities

Business-type activities decreased the City's net position by \$247,971. Last year the business-type activities increased net position by \$351,950.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of April 30, 2024, were \$4,914,123. The General Fund increased by \$795,691. The Street Fund increased by \$273,872. The Park Fund decreased by \$8,392. The Capital Improvement Sales Tax Fund decreased by \$397,126. The ARPA Fund increased by \$49. The Debt Service Fund increased by \$24,054.

General Fund Budgetary Highlights

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

- The original revenue budget was \$1,800,170 compared to \$2,243,431 of actual revenues.
- The original expenditures budget was \$1,746,275 compared to \$1,558,614 of actual expenditures.

City of Carl Junction

Management's Discussion and Analysis

April 30, 2024

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$20,744,196 (net of accumulated depreciation) as of April 30, 2024. This represents a \$482,307 increase from the prior year primarily due to ongoing projects. Capital assets for business-type activities were \$14,120,222 as of April 30, 2024. This represents a decrease of \$854,327 primarily due to depreciation.

Debt

Debt of the governmental activities as of April 30, 2024, consists of \$1,615,000 in outstanding principal of Series 2022 General Obligation Refunding Bonds.

Debt of the business-type activities as of April 30, 2024, consists of outstanding principal of \$2,171,650 of Series 2023 MAMU financing and \$1,169,200 of Series 2013 Revenue Bonds.

Economic Factors and Next Year's Budget

General Fund Revenue for fiscal year 2024-2025 is projected to be flat or a very small increase. Over the past couple of years inflation has severely affected the cost of materials and labor. These costs directly impact a flat revenue stream in a negative manor. The City is only able to accomplish smaller projects with the scarce resources that the citizens provide. The City continues to see an active real estate market even with an inflationary economy. It is expected to see new home construction increase in the near future. Missouri State Auditor continues to keep revenue growth in check even with a positive growth in assessed value.

Modernization in equipment at the Police Department will be funded with the Public Safety Sales Tax and Law Enforcement Sales Tax grant from Jasper County. This will be the 3rd full year of collection for the Public Safety Sales Tax.

ARPA funds will be coming to a close. The City has used the funds to make lasting improvements in the recreational facilities of the city. Adding a splash pad, a playground and pavilion in a ward that has not had those facilities available in the past, improvements at all parks has been seen. Upgrades to the Police Department and Municipal Court building along with the improvements to the Community Center will include the replacement of outdated technology and improvements to systems for broadcasting Board of Aldermen meeting to the general public.

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Carl Junction
303 North Main
Carl Junction, MO 64834
(417) 649-7237

Mark Powers, Mayor
Steve Lawver, City Administrator
Alaina Wright, City Clerk

City of Carl Junction

Statement of Net Position

April 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Current | | | |
| Cash and cash equivalents - unrestricted | \$ 2,411,464 | \$ 2,595,409 | \$ 5,006,873 |
| Investments | 163,059 | 130,847 | 293,906 |
| Taxes receivable, net | 321,080 | - | 321,080 |
| Utilities receivable, net | - | 200,911 | 200,911 |
| Intergovernmental receivable | 237,816 | - | 237,816 |
| Interest receivable | 6,168 | - | 6,168 |
| Other receivable | 4,850 | - | 4,850 |
| Prepaid expenses | 14,818 | 12,299 | 27,117 |
| Noncurrent | | | |
| Restricted cash and cash equivalents | 2,557,894 | 2,913,645 | 5,471,539 |
| Lease receivable | 265,443 | - | 265,443 |
| Capital Assets | | | |
| Non-depreciable | 1,238,044 | 292,801 | 1,530,845 |
| Depreciable, net | 19,506,152 | 13,827,421 | 33,333,573 |
| Total Assets | 26,726,788 | 19,973,333 | 46,700,121 |
| Deferred Outflow of Resources | | | |
| Deferred pension outflows | 266,216 | 228,455 | 494,671 |
| Liabilities | | | |
| Current | | | |
| Accounts payable | 421,242 | 36,976 | 458,218 |
| Accrued expenses | 22,622 | 13,147 | 35,769 |
| Deposits payable | - | 217,571 | 217,571 |
| Unearned revenue | 290,120 | - | 290,120 |
| Current portion of long-term debt | 365,000 | 172,823 | 537,823 |
| | 1,098,984 | 440,517 | 1,539,501 |
| Noncurrent | | | |
| Compensated absences | 59,677 | 17,648 | 77,325 |
| General obligation bonds, net | 1,355,722 | - | 1,355,722 |
| Revenue bonds payable | - | 1,070,900 | 1,070,900 |
| Financed purchases | - | 2,097,127 | 2,097,127 |
| Net pension liability | 6,100 | 20,223 | 26,323 |
| | 1,421,499 | 3,205,898 | 4,627,397 |
| Total Liabilities | 2,520,483 | 3,646,415 | 6,166,898 |
| Deferred Inflow of Resources | | | |
| Deferred pension inflows | 28,775 | 90,122 | 118,897 |
| Deferred lease inflows | 252,593 | - | 252,593 |
| Total Deferred Inflow of Resources | 281,368 | 90,122 | 371,490 |
| Net Position | | | |
| Net investment in capital assets | 19,023,474 | 13,122,472 | 32,145,946 |
| Restricted | 2,253,592 | 352,974 | 2,606,566 |
| Unrestricted | 2,914,087 | 2,989,805 | 5,903,892 |
| Total Net Position | \$ 24,191,153 | \$ 16,465,251 | \$ 40,656,404 |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Activities

Year Ended April 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses), Revenues, and Changes in Net Position | | |
|---|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities | | | | | | | |
| Administrative | \$ (509,585) | \$ 229,707 | \$ - | \$ 114,049 | \$ (165,829) | \$ - | \$ (165,829) |
| Police | (1,251,039) | 83,017 | 29,703 | 49,467 | (1,088,852) | - | (1,088,852) |
| Municipal court | (47,302) | - | - | - | (47,302) | - | (47,302) |
| Planning and zoning | (3,553) | - | - | - | (3,553) | - | (3,553) |
| Building inspector | (25,631) | 31,285 | - | - | 5,654 | - | 5,654 |
| Community service | (31,612) | 11,889 | 38,663 | - | 18,940 | - | 18,940 |
| Street | (859,414) | - | - | - | (859,414) | - | (859,414) |
| Parks | (281,828) | 2,564 | - | 665,308 | 386,044 | - | 386,044 |
| Stormwater | (35,402) | - | - | - | (35,402) | - | (35,402) |
| Non-departmental | (77,536) | - | 77,536 | - | - | - | - |
| Interest and fiscal charges | (31,307) | - | - | - | (31,307) | - | (31,307) |
| Total Governmental Activities | (3,154,209) | 358,462 | 145,902 | 828,824 | (1,821,021) | - | (1,821,021) |
| Business-type activities | | | | | | | |
| Water | (1,416,607) | 1,375,650 | - | - | - | (40,957) | (40,957) |
| Sewer | (1,755,448) | 1,401,938 | - | - | - | (353,510) | (353,510) |
| Total Business-Type Activities | (3,172,055) | 2,777,588 | - | - | - | (394,467) | (394,467) |
| Total Government | \$ (6,326,264) | \$ 3,136,050 | \$ 145,902 | \$ 828,824 | (1,821,021) | (394,467) | (2,215,488) |
| General Revenues | | | | | | | |
| Ad valorem taxes | | | | | 973,215 | - | 973,215 |
| Sales taxes | | | | | 1,094,778 | - | 1,094,778 |
| Motor vehicle taxes | | | | | 420,051 | - | 420,051 |
| Franchise fees | | | | | 554,639 | - | 554,639 |
| Interest | | | | | 82,503 | 146,496 | 228,999 |
| Miscellaneous | | | | | 63,944 | - | 63,944 |
| Gain on disposal of assets | | | | | 125,342 | - | 125,342 |
| Total General Revenues and Special Items | | | | | 3,314,472 | 146,496 | 3,460,968 |
| Changes in Net Position | | | | | 1,493,451 | (247,971) | 1,245,480 |
| Net Position, Beginning of year | | | | | 22,697,702 | 16,713,222 | 39,410,924 |
| Net Position, End of year | | | | | \$ 24,191,153 | \$ 16,465,251 | \$ 40,656,404 |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Balance Sheet – Governmental Funds

April 30, 2024

| | Special Revenue Funds | | | | | Debt Service Fund | Total Governmental Funds |
|--|-----------------------|---------------------|-------------------|---------------------------------|-------------------|-------------------------|--------------------------------|
| | General Fund | Street Fund | Park Fund | Capital Improvements Fund | ARPA Fund | | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 2,411,464 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,411,464 |
| Investments | 163,059 | - | - | - | - | - | 163,059 |
| Ad valorem taxes receivable, net | 53,185 | - | - | - | - | 45,189 | 98,374 |
| Sales taxes receivable | 102,171 | 64,707 | 27,914 | 27,914 | - | - | 222,706 |
| Intergovernmental receivables | - | - | - | 237,816 | - | - | 237,816 |
| Long-term lease receivable | 265,443 | - | - | - | - | - | 265,443 |
| Interest receivable | 6,168 | - | - | - | - | - | 6,168 |
| Other receivables | 4,850 | - | - | - | - | - | 4,850 |
| Prepaid expenses | 13,315 | 1,396 | 107 | - | - | - | 14,818 |
| Restricted cash and cash equivalents | 34,723 | 1,116,273 | 277,991 | 233,855 | 360,792 | 534,260 | 2,557,894 |
| Total Assets | \$ 3,054,378 | \$ 1,182,376 | \$ 306,012 | \$ 499,585 | \$ 360,792 | \$ 579,449 | \$ 5,982,592 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 42,547 | \$ 3,988 | \$ 437 | \$ 303,810 | \$ 70,460 | \$ - | \$ 421,242 |
| Accrued expenses | 22,622 | - | - | - | - | - | 22,622 |
| Unearned revenue | - | - | - | - | 290,120 | - | 290,120 |
| Total Liabilities | 65,169 | 3,988 | 437 | 303,810 | 360,580 | - | 733,984 |
| Deferred Inflows of Resources | | | | | | | |
| Tax revenue | 43,955 | - | - | - | - | 37,937 | 81,892 |
| Leases | 252,593 | - | - | - | - | - | 252,593 |
| Total Deferred Inflows of Resources | 296,548 | - | - | - | - | 37,937 | 334,485 |
| Fund Balances | | | | | | | |
| Nonspendable | | | | | | | |
| Prepaid expenses | 13,315 | 1,396 | 107 | - | - | - | 14,818 |
| Restricted for | | | | | | | |
| Debt service | - | - | - | - | - | 541,512 | 541,512 |
| Building deposits | 6,750 | - | - | - | - | - | 6,750 |
| Shop with a cop | 26,883 | - | - | - | - | - | 26,883 |
| Streets | - | 1,176,992 | - | - | - | - | 1,176,992 |
| Parks | - | - | 305,468 | - | - | - | 305,468 |
| Capital improvements | - | - | - | 195,775 | - | - | 195,775 |
| Pandemic recovery | - | - | - | - | 212 | - | 212 |
| Committed to capital improvements | 138,429 | - | - | - | - | - | 138,429 |
| Unassigned | 2,507,284 | - | - | - | - | - | 2,507,284 |
| Total Fund Balances | 2,692,661 | 1,178,388 | 305,575 | 195,775 | 212 | 541,512 | 4,914,123 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 3,054,378 | \$ 1,182,376 | \$ 306,012 | \$ 499,585 | \$ 360,792 | \$ 579,449 | \$ 5,982,592 |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

April 30, 2024

| | |
|--|-----------------------------|
| Fund balance - total governmental funds | \$ 4,914,123 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | |
| Governmental capital assets | 39,330,484 |
| Less accumulated depreciation | <u>(18,586,288)</u> |
| | 20,744,196 |
| The net pension liability and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds: | |
| Net pension liability | (6,100) |
| Deferred outflows due to pension | 266,216 |
| Deferred inflows due to pension | <u>(28,775)</u> |
| | 231,341 |
| Compensated absences are not accrued in the governmental funds, but rather are recognized as an expenditure when paid | (59,677) |
| Unavailable tax revenues are not available to pay for current period expenditures and, therefore, are not recognized as unavailable in the funds | 81,892 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds | <u>(1,720,722)</u> |
| Net Position of Governmental Activities | <u><u>\$ 24,191,153</u></u> |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended April 30, 2024

| | Special Revenue Funds | | | | | Debt Service Fund | Total Governmental Funds |
|---|-----------------------|----------------|--------------|--------------------------------|--------------|-------------------------|--------------------------------|
| | General Fund | Street Fund | Park Fund | Capital Improvement Fund | ARPA Fund | | |
| Revenues | | | | | | | |
| Taxes | \$ 1,731,870 | \$ 592,932 | \$ 172,881 | \$ 172,882 | \$ - | \$ 417,163 | \$ 3,087,728 |
| Licenses and permits | 100,624 | - | - | - | - | - | 100,624 |
| Intergovernmental revenues | 96,482 | - | 78,326 | 443,077 | 384,957 | - | 1,002,842 |
| Charges for services | 138,376 | - | 2,564 | - | - | - | 140,940 |
| Fines and forfeitures | 50,119 | - | - | - | - | - | 50,119 |
| Miscellaneous | 125,960 | 18,610 | 6,034 | 2,636 | 49 | 10,777 | 164,066 |
| Total Revenues | 2,243,431 | 611,542 | 259,805 | 618,595 | 385,006 | 427,940 | 4,546,319 |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| Administrative | 353,271 | - | - | - | - | - | 353,271 |
| Police | 1,097,245 | - | - | - | - | - | 1,097,245 |
| Municipal court | 47,302 | - | - | - | - | - | 47,302 |
| Planning and zoning | 3,553 | - | - | - | - | - | 3,553 |
| Building inspector | 25,631 | - | - | - | - | - | 25,631 |
| Community service | 31,612 | - | - | - | - | - | 31,612 |
| Street | - | 337,670 | - | - | - | - | 337,670 |
| Parks | - | - | 80,577 | - | - | - | 80,577 |
| Stormwater | - | - | 35,402 | - | - | - | 35,402 |
| Non-departmental improvements | - | - | - | - | 40,609 | - | 40,609 |
| Capital outlay | - | - | 196,918 | 1,015,721 | 344,348 | - | 1,556,987 |
| Debt service | | | | | | | |
| Principal, interest and fees | - | - | - | - | - | 403,886 | 403,886 |
| Total Expenditures | 1,558,614 | 337,670 | 312,897 | 1,015,721 | 384,957 | 403,886 | 4,013,745 |
| <i>Excess (Deficit) of Revenues Over Expenditures</i> | 684,817 | 273,872 | (53,092) | (397,126) | 49 | 24,054 | 532,574 |
| Other Financing Sources (Uses) | | | | | | | |
| Lease income | 21,044 | - | - | - | - | - | 21,044 |
| Sale of property | 134,530 | - | - | - | - | - | 134,530 |
| Operating transfers in (out) | (44,700) | - | 44,700 | - | - | - | - |
| <i>Net Change in Fund Balances</i> | 795,691 | 273,872 | (8,392) | (397,126) | 49 | 24,054 | 688,148 |
| Fund Balance, May 1 | 1,896,970 | 904,516 | 313,967 | 592,901 | 163 | 517,458 | 4,225,975 |
| Fund Balance, April 30 | \$ 2,692,661 | \$ 1,178,388 | \$ 305,575 | \$ 195,775 | \$ 212 | \$ 541,512 | \$ 4,914,123 |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended April 30, 2024

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 688,148 |
|--|----|---------|

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense.

| | | |
|----------------|--|-------------|
| Capital outlay | | 1,520,060 |
| Depreciation | | (1,028,565) |
| | | 491,495 |

| | | |
|-----------------------------------|--|---------|
| (Loss) on capital assets disposed | | (9,188) |
|-----------------------------------|--|---------|

| | | |
|---|--|----------|
| Some revenues reported in the governmental funds represent current financial resources and are recognized in the Statement of Activities when earned. | | (45,045) |
|---|--|----------|

Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the Statement of Activities when incurred.

| | | |
|---------------------------------|--|---------|
| Change in pension related costs | | (3,571) |
| Change in compensated absences | | (967) |
| | | (4,538) |

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding debt, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences.

| | | |
|--|-----------|------------------|
| Repayment of principal on debt | | 345,000 |
| Premium on debt issuance | | 27,579 |
| | | 372,579 |
| Change in Net Position of Governmental Activities | \$ | 1,493,451 |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Net Position – Proprietary Funds

April 30, 2024

| | Enterprise Funds | | |
|---|------------------------------|------------------------------|---------------|
| | Waterworks System Fund | Wastewater System Fund | Total |
| | Fund | Fund | Total |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 857,772 | \$ 1,737,637 | \$ 2,595,409 |
| Investments | 125,000 | 5,847 | 130,847 |
| Utilities receivable, net | 100,648 | 100,263 | 200,911 |
| Prepaid expenses | 4,660 | 7,639 | 12,299 |
| Total Current Assets | 1,088,080 | 1,851,386 | 2,939,466 |
| Restricted Assets | | | |
| Cash and cash equivalents | 2,560,671 | 352,974 | 2,913,645 |
| Property, Plant and Equipment | | | |
| Non-depreciable | 142,801 | 150,000 | 292,801 |
| Depreciable, net | 4,914,011 | 8,913,410 | 13,827,421 |
| Total Property, Plant, and Equipment | 5,056,812 | 9,063,410 | 14,120,222 |
| Total Assets | 8,705,563 | 11,267,770 | 19,973,333 |
| Deferred Outflow of Resources | | | |
| Deferred Pension Outflows | 123,366 | 105,089 | 228,455 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts payable | 24,281 | 12,695 | 36,976 |
| Accrued expenses | 6,567 | 6,580 | 13,147 |
| Utility deposits | 217,571 | - | 217,571 |
| Current maturities of long-term debt | 74,523 | 98,300 | 172,823 |
| Total Current Liabilities | 322,942 | 117,575 | 440,517 |
| Long-Term Liabilities | | | |
| Compensated absences payable | 8,824 | 8,824 | 17,648 |
| Revenue bonds | - | 1,070,900 | 1,070,900 |
| Financed purchases | 2,097,127 | - | 2,097,127 |
| Net pension liability | 10,920 | 9,303 | 20,223 |
| Total Long-Term Liabilities | 2,116,871 | 1,089,027 | 3,205,898 |
| Total Liabilities | 2,439,813 | 1,206,602 | 3,646,415 |
| Deferred Inflow of Resources | | | |
| Deferred Pension Inflows | 48,666 | 41,456 | 90,122 |
| Net Position | | | |
| Net Investment in Capital Assets | 5,228,262 | 7,894,210 | 13,122,472 |
| Restricted | - | 352,974 | 352,974 |
| Unrestricted | 1,112,188 | 1,877,617 | 2,989,805 |
| Total Net Position | \$ 6,340,450 | \$ 10,124,801 | \$ 16,465,251 |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended April 30, 2024

| | Enterprise Funds | | |
|---|------------------------------|------------------------------|---------------|
| | Waterworks System Fund | Wastewater System Fund | Total |
| | Operating Revenues | | |
| Charges for services | \$ 1,360,637 | \$ 1,390,321 | \$ 2,750,958 |
| Miscellaneous | 15,013 | 11,617 | 26,630 |
| Total Operating Revenues | 1,375,650 | 1,401,938 | 2,777,588 |
| Operating Expenses | | | |
| Salaries and wages | 307,683 | 266,253 | 573,936 |
| Employee benefits | 132,078 | 104,277 | 236,355 |
| Gas and oil | 12,603 | 11,756 | 24,359 |
| Materials and supplies | 39,077 | 22,182 | 61,259 |
| Insurance | 30,735 | 26,222 | 56,957 |
| Telephone and utilities | 160,373 | 84,968 | 245,341 |
| Repairs and maintenance | 269,511 | 210,521 | 480,032 |
| Professional fees | 28,867 | 174,209 | 203,076 |
| Depreciation | 383,090 | 613,408 | 996,498 |
| Administrative | 44,119 | 41,676 | 85,795 |
| Other expenses | 8,471 | 71,851 | 80,322 |
| Total Operating Expenses | 1,416,607 | 1,627,323 | 3,043,930 |
| <i>Operating Income (Loss)</i> | (40,957) | (225,385) | (266,342) |
| Nonoperating Revenues (Expenses) | | | |
| Interest income | 125,540 | 20,956 | 146,496 |
| Interest and fees expense | (102,298) | (25,827) | (128,125) |
| Total Nonoperating Revenues (Expenses) | 23,242 | (4,871) | 18,371 |
| <i>Net Income (Loss)</i> | (17,715) | (230,256) | (247,971) |
| Net Position, May 1 | 6,358,165 | 10,355,057 | 16,713,222 |
| Net Position, April 30 | \$ 6,340,450 | \$ 10,124,801 | \$ 16,465,251 |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Cash Flows – Proprietary Funds

Year Ended April 30, 2024

| | Enterprise Funds | | |
|--|---|------------------------------|--------------|
| | Waterworks System Fund | Wastewater System Fund | Total |
| | Cash Flows from Operating Activities | | |
| Cash received from customers | \$ 1,380,856 | \$ 1,406,124 | \$ 2,786,980 |
| Cash paid to suppliers | (582,150) | (643,998) | (1,226,148) |
| Cash paid to employees | (445,788) | (385,505) | (831,293) |
| Net Cash Provided by Operating Activities | 352,918 | 376,621 | 729,539 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Acquisition and construction of capital assets, net | (137,093) | (5,078) | (142,171) |
| Payment of debt principal | (70,225) | (96,400) | (166,625) |
| Payment of interest and fees | (102,298) | (25,827) | (128,125) |
| Net Cash (Used) by Capital and Related Financing Activities | (309,616) | (127,305) | (436,921) |
| Cash Flows from Investing Activities | | | |
| Interest received | 125,540 | 20,956 | 146,496 |
| Net Cash Provided by Investing Activities | 125,540 | 20,956 | 146,496 |
| <i>Net Increase in Cash and Cash Equivalents</i> | 168,842 | 270,272 | 439,114 |
| Cash and Cash Equivalents, Beginning of year | 3,249,601 | 1,820,339 | 5,069,940 |
| Cash and Cash Equivalents, End of year | 3,418,443 | 2,090,611 | 5,509,054 |
| Less Restricted Cash and Cash Equivalents | 2,560,671 | 352,974 | 2,913,645 |
| Unrestricted Cash and Cash Equivalents | \$ 857,772 | \$ 1,737,637 | \$ 2,595,409 |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Statement of Cash Flows – Proprietary Funds

Year Ended April 30, 2024

| | Enterprise Funds | | |
|--|------------------------------|------------------------------|-------------------|
| | Waterworks System Fund | Wastewater System Fund | Total |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | |
| Operating income (loss) | \$ (40,957) | \$ (225,385) | \$ (266,342) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 383,090 | 613,408 | 996,498 |
| (Increase) decrease in | | | |
| Utilities receivable | 1,846 | 4,186 | 6,032 |
| Prepaid expenses | (325) | (277) | (602) |
| Deferred pension outflow | (52,682) | (40,766) | (93,448) |
| Increase (decrease) in | | | |
| Accounts payable | 11,931 | (336) | 11,595 |
| Accrued expenses | 1,380 | 1,381 | 2,761 |
| Meter deposits payable | 3,360 | - | 3,360 |
| Net pension liability | 75,520 | 86,482 | 162,002 |
| Deferred pension inflow | (30,965) | (62,792) | (93,757) |
| Compensated absences payable | 720 | 720 | 1,440 |
| Net Cash Provided by Operating Activities | <u>\$ 352,918</u> | <u>\$ 376,621</u> | <u>\$ 729,539</u> |

See accompanying Notes to the Financial Statements.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

1. Summary of Significant Accounting Policies

The City operates under a Board of Aldermen/Mayor form of government. The City provides the following services as authorized by its charter: public safety, streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water and sewer operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The City is organized under the laws of the State of Missouri and is a primary government, which is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the criteria and therefore, no other entity has been included as a component unit in the financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

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

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Street Fund: The Street Fund is used to account for revenue sources restricted, committed, or assigned for expenditures for streets.

Park Fund: The Park Fund is used to account for revenue sources restricted, committed, or assigned for expenditures for parks.

Capital Improvement Sales Tax Fund: The Capital Improvement Sales Tax Fund is used to account for revenue sources restricted, committed, or assigned for expenditures for capital improvement.

ARPA Fund: The ARPA Fund is used to account for resources restricted, committed, or assigned for the American Rescue Plan Act funding.

Debt Service Fund: The Debt Service Fund of the City is used to account for resources restricted, committed, or assigned for the payment of long-term debt on the 2022 Refunding General Obligation bond principal, interest, and related costs.

The City reports the following major proprietary funds:

Waterworks System Fund: The Waterworks System Fund accounts for the activities and capital improvements of the City's water operations.

Wastewater System Fund: The Wastewater System Fund accounts for the activities and capital improvements of the City's sewer operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

Investments

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

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

| | |
|-------------------------|-------------|
| Buildings | 30-50 years |
| Improvements | 30-50 years |
| Machinery and equipment | 5-20 years |
| Vehicles | 5-20 years |
| Infrastructure | 30-50 years |

Expenses for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Compensated Absences

Employees earn vacation time based on their years of service to the City and comp time based on hours worked. Outstanding vacation leave and comp time is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to the retirement plan.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The items that qualify for reporting in this category are deferred pension inflows relating to the retirement plan on the Statement of Net Position, the portion of property taxes collectible that are in excess of three months reported on the Balance Sheet, and deferred inflows relating to leases reported on both the Statement of Net Position and the Balance Sheet. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

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

Leases

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

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

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenues and expenses are considered nonoperating.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: is classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Aldermen – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City’s taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of April 30, 2024, all bank balances on deposit are entirely insured or collateralized.

3. Investments

Investments of the City as of April 30, 2024, consist of the following:

| <u>Investment Type</u> | <u>Maturity</u> | <u>Total</u> |
|-------------------------|-----------------------|-------------------|
| Certificates of Deposit | 8/31/2024 - 3/17/2025 | <u>\$ 293,906</u> |

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of April 30, 2024, all certificates of deposit are entirely insured or collateralized with securities.

Custodial Risk

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City's Certificates of Deposit are entirely insured or collateralized by a trust department of a bank that does not hold the collateralized deposits.

Interest Rate Risk

The City has no formal policy on interest rate risk.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

4. Restricted Assets

Cash and cash equivalents and fund balance or net position have been restricted in the following funds and activities as follows:

| | Restricted Cash and Cash Equivalents | Restricted Fund Balance/ Net Position |
|---------------------------------|---|--|
| General Fund | | |
| Shop with a Cop | \$ 26,883 | \$ 26,883 |
| Court Bonds | 1,090 | - |
| Building Deposits | 6,750 | 6,750 |
| | 34,723 | 33,633 |
| Street Fund | | |
| Sales Tax | 1,116,273 | 1,176,992 |
| Park Fund | | |
| Sales Tax | 277,991 | 305,468 |
| Capital Improvement Fund | | |
| Sales Tax | 233,855 | 195,775 |
| ARPA Fund | | |
| Pandemic Recovery | 360,792 | 212 |
| Debt Service Fund | | |
| Debt Service | 534,260 | 541,512 |
| | \$ 2,557,894 | \$ 2,253,592 |
| Waterworks System Fund | | |
| Water Deposits | \$ 217,571 | \$ - |
| Unspent Project Proceeds | 2,343,100 | - |
| | 2,560,671 | - |
| Wastewater System Fund | | |
| Bond Reserves | 352,974 | 352,974 |
| | \$ 2,913,645 | \$ 352,974 |

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

5. Accounts Receivable

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

| | <u>Accounts Receivable</u> | <u>Allowance</u> | <u>Net Accounts Receivable</u> |
|----------------------------------|--------------------------------|--------------------|------------------------------------|
| Property Taxes Receivable | | | |
| <i>Governmental Funds</i> | | | |
| General Fund | \$ 59,094 | \$ (5,909) | \$ 53,185 |
| Debt Service Fund | 50,210 | (5,021) | 45,189 |
| | <u>\$ 109,304</u> | <u>\$ (10,930)</u> | <u>\$ 98,374</u> |
| Utilities Receivable | | | |
| <i>Enterprise Funds</i> | | | |
| Waterworks System Fund | \$ 103,818 | \$ (3,170) | \$ 100,648 |
| Wastewater System Fund | 103,493 | (3,230) | 100,263 |
| | <u>\$ 207,311</u> | <u>\$ (6,400)</u> | <u>\$ 200,911</u> |

6. Leases Receivable

The City leases tower and ground space to a third party, as a lessor. Payments are fixed and payable monthly. During the year ended April 30, 2024, the City recognized \$9,384 and \$11,660 in lease revenue and lease interest, respectively. The current agreement expires on February 28, 2026, with the new agreement beginning on March 1, 2026. The new agreement renews automatically on March 1, 2031 with twenty (20) additional terms of five (5) years each. The lessee has the unilateral right to terminate the lease at any time by giving written notice. Monthly rent payments, including interest, are currently \$1,411, will increase to \$1,450 on March 1, 2026, and will incur a 10% increase each renewal period. The discount rate is assumed to be 4.27%. The total leases receivable balance and corresponding deferred lease inflow balance at April 30, 2024, was \$265,443 and \$252,593, respectively.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

7. Capital Assets

Capital asset activity for the year ended April 30, 2024, was as follows:

| | Balance April 30, 2023 | Additions | Deletions | Balance April 30, 2024 |
|--|---------------------------------------|---------------------|-------------------|---------------------------------------|
| Governmental Activities | | | | |
| Non-depreciable Capital Assets | | | | |
| Land | \$ 547,422 | \$ - | \$ - | \$ 547,422 |
| Construction in progress | 63,729 | 690,622 | 63,729 | 690,622 |
| Total Non-depreciable Capital Assets | 611,151 | \$ 690,622 | \$ 63,729 | 1,238,044 |
| Depreciable Capital Assets | | | | |
| Buildings | 17,191,157 | \$ - | \$ 633,084 | 16,558,073 |
| Improvements | 1,256,916 | - | - | 1,256,916 |
| Machinery and equipment | 2,077,180 | 177,779 | - | 2,254,959 |
| Vehicles | 381,104 | 49,467 | - | 430,571 |
| Infrastructure | 16,926,000 | 665,921 | - | 17,591,921 |
| Total Depreciable Capital Assets | 37,832,357 | \$ 893,167 | \$ 633,084 | 38,092,440 |
| Less Accumulated Depreciation | | | | |
| Buildings | 8,831,798 | \$ 338,134 | \$ 623,896 | 8,546,036 |
| Improvements | 226,766 | 62,702 | - | 289,468 |
| Machinery and equipment | 850,803 | 140,852 | - | 991,655 |
| Vehicles | 177,077 | 54,478 | - | 231,555 |
| Infrastructure | 8,095,175 | 432,399 | - | 8,527,574 |
| Total Accumulated Depreciation | 18,181,619 | \$ 1,028,565 | \$ 623,896 | 18,586,288 |
| Total Depreciable Capital Assets, net | 19,650,738 | | | 19,506,152 |
| Total Governmental Activities Capital Assets, net | \$ 20,261,889 | | | \$ 20,744,196 |

Depreciation expense was charged to functions as follows:

| | |
|----------------|---------------------|
| Administrative | \$ 161,383 |
| Police | 137,016 |
| Parks | 201,432 |
| Street | 528,734 |
| | \$ 1,028,565 |

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

| | Balance April 30, 2023 | Additions | Deletions | Balance April 30, 2024 |
|---|---------------------------------------|------------------|------------------|---------------------------------------|
| Business-Type Activities | | | | |
| Waterworks System Fund | | | | |
| Non-Depreciable Capital Assets | | | | |
| Land | \$ 92,000 | \$ - | \$ - | \$ 92,000 |
| Construction in progress | - | 50,801 | - | 50,801 |
| Total Non-Depreciable Capital Assets | 92,000 | \$ 50,801 | \$ - | 142,801 |
| Depreciable Capital Assets | | | | |
| Buildings | 6,076,329 | \$ - | \$ - | 6,076,329 |
| Machinery and equipment | 2,254,006 | 5,078 | - | 2,259,084 |
| Vehicles | 128,368 | - | - | 128,368 |
| Infrastructure | 7,039,440 | 81,214 | - | 7,120,654 |
| | 15,498,143 | \$ 86,292 | \$ - | 15,584,435 |
| Less Accumulated Depreciation | 10,287,334 | \$ 383,090 | \$ - | 10,670,424 |
| Total Depreciable Capital Assets, net | 5,210,809 | | | 4,914,011 |
| Wastewater System Fund | | | | |
| Non-Depreciable Capital Assets | | | | |
| Land | 150,000 | \$ - | \$ - | 150,000 |
| Depreciable Capital Assets | | | | |
| Buildings | 16,945,368 | \$ - | \$ - | 16,945,368 |
| Machinery and equipment | 614,793 | 5,078 | - | 619,871 |
| Vehicles | 132,120 | - | - | 132,120 |
| Infrastructure | 9,299,055 | - | - | 9,299,055 |
| | 26,991,336 | \$ 5,078 | \$ - | 26,996,414 |
| Less Accumulated Depreciation | 17,469,596 | \$ 613,408 | \$ - | 18,083,004 |
| Total Depreciable Capital Assets, net | 9,521,740 | | | 8,913,410 |
| Total Capital Assets - Business - Type Activities, net | \$ 14,974,549 | | | \$ 14,120,222 |

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

8. Long-Term Liabilities – Governmental Activities

Series 2022 General Obligation Refunding Bonds

On February 3, 2022, the City issued \$2,285,000 in Series 2022 General Obligation Refunding Bonds to refund \$2,410,000 of the Series 2012 General Obligation Bonds. The Bonds bear interest at 3.0% with interest payments due March 1 and September 1 each year and principal payments due March 1, each year. The bonds may be called for redemption under the provisions outlined in the bond ordinance. The annual debt service requirements to amortize the principal on the bonds outstanding at April 30, 2024, are as follows:

| Year Ending April 30, | Principal | Interest | Total |
|--------------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 365,000 | \$ 48,450 | \$ 413,450 |
| 2026 | 395,000 | 37,500 | 432,500 |
| 2027 | 410,000 | 25,650 | 435,650 |
| 2028 | 445,000 | 13,350 | 458,350 |
| | <u>\$ 1,615,000</u> | <u>\$ 124,950</u> | <u>\$ 1,739,950</u> |

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

| | Balance April 30, 2023 | Additions | Retirements | Balance April 30, 2024 | Amounts Due Within One Year |
|-----------------------------|------------------------------|---------------|-------------------|------------------------------|-----------------------------------|
| General Obligation Bonds | | | | | |
| Series 2022 Refunding | \$ 1,960,000 | \$ - | \$ 345,000 | \$ 1,615,000 | \$ 365,000 |
| Plus: Premium on G.O. Bonds | 133,301 | - | 27,579 | 105,722 | - |
| | <u>2,093,301</u> | <u>-</u> | <u>372,579</u> | <u>1,720,722</u> | <u>365,000</u> |
| Compensated Absences | 58,710 | 967 | - | 59,677 | - |
| | <u>\$ 2,152,011</u> | <u>\$ 967</u> | <u>\$ 372,579</u> | <u>\$ 1,780,399</u> | <u>\$ 365,000</u> |

9. Long-Term Debt – Business-Type Activities

Waterworks System Fund

Series 2023 MAMU Agreement

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

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

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

| <u>Year Ending April 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|---------------------|
| 2025 | \$ 74,523 | \$ 93,225 | \$ 167,748 |
| 2026 | 77,900 | 89,962 | 167,862 |
| 2027 | 81,430 | 86,552 | 167,982 |
| 2028 | 84,887 | 83,212 | 168,099 |
| 2029 | 88,967 | 79,271 | 168,238 |
| 2030 | 92,999 | 75,376 | 168,375 |
| 2031 | 97,213 | 71,305 | 168,518 |
| 2032 | 101,431 | 67,230 | 168,661 |
| 2033 | 106,215 | 62,608 | 168,823 |
| 2034 | 111,028 | 57,959 | 168,987 |
| 2035 | 116,059 | 53,098 | 169,157 |
| 2036 | 121,186 | 48,145 | 169,331 |
| 2037 | 126,810 | 42,712 | 169,522 |
| 2038 | 132,557 | 37,160 | 169,717 |
| 2039 | 138,564 | 31,357 | 169,921 |
| 2040 | 144,776 | 25,356 | 170,132 |
| 2041 | 151,403 | 18,953 | 170,356 |
| 2042 | 158,265 | 12,325 | 170,590 |
| 2043 | 165,437 | 5,397 | 170,834 |
| | <u>\$ 2,171,650</u> | <u>\$ 1,041,203</u> | <u>\$ 3,212,853</u> |

Wastewater System Fund

Series 2013 Revenue Bonds

During the year ended April 30, 2014, the City issued \$2,050,000 in Revenue Bonds for the purpose of extending and improving the sewerage system. The bonds bear interest at 1.55%. Interest payments are due in semi-annual installments on January 1 and July 1 of each year. In the event of default, the City must pay principal or interest on the bonds as they become due for a period of 60 days after written notice specifying such default has been given to the City, by the registered owner of any bond then outstanding, then at any time thereafter and while such default continues, the registered owners of 25% in principal amounts of the bonds outstanding may, by written notice to the City, declare the principal of all bonds

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

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

| <u>Year Ending April 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 98,300 | \$ 17,745 | \$ 116,045 |
| 2026 | 101,200 | 16,206 | 117,406 |
| 2027 | 104,000 | 14,631 | 118,631 |
| 2028 | 105,900 | 13,011 | 118,911 |
| 2029 | 109,800 | 11,355 | 121,155 |
| 2030 | 111,700 | 9,646 | 121,346 |
| 2031 | 115,500 | 7,900 | 123,400 |
| 2032 | 117,400 | 6,103 | 123,503 |
| 2033 | 121,200 | 4,268 | 125,468 |
| 2034 | 123,100 | 2,382 | 125,482 |
| 2035 | 61,100 | 474 | 61,574 |
| | <u>\$ 1,169,200</u> | <u>\$ 103,721</u> | <u>\$ 1,272,921</u> |

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

| | <u>Balance April 30, 2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance April 30, 2024</u> | <u>Amounts Due Within One Year</u> |
|-------------------------------|---------------------------------------|------------------|--------------------|---------------------------------------|--|
| Waterworks System Fund | | | | | |
| Direct Borrowing | | | | | |
| Series 2023 MAMU | \$ 2,241,875 | \$ - | \$ 70,225 | \$ 2,171,650 | \$ 74,523 |
| Compensated Absences | 8,104 | 720 | - | 8,824 | - |
| | <u>2,249,979</u> | <u>720</u> | <u>70,225</u> | <u>2,180,474</u> | <u>74,523</u> |
| Wastewater System Fund | | | | | |
| Series 2013 Revenue Bonds | 1,265,600 | - | 96,400 | 1,169,200 | 98,300 |
| Compensated Absences | 8,104 | 720 | - | 8,824 | - |
| | <u>1,273,704</u> | <u>720</u> | <u>96,400</u> | <u>1,178,024</u> | <u>98,300</u> |
| | <u>\$ 3,523,683</u> | <u>\$ 1,440</u> | <u>\$ 166,625</u> | <u>\$ 3,358,498</u> | <u>\$ 172,823</u> |

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

10. Assessed Valuation & Legal Debt Margin

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

| | 2023 |
|---|----------------|
| Assessed Valuation | |
| Real estate | \$ 86,435,381 |
| Personal property | 27,965,740 |
| | \$ 114,401,121 |
| | |
| Tax Rates Per \$100 of Assessed Valuation | |
| General Fund | \$ 0.4662 |
| Debt Service Fund | 0.3601 |
| | \$ 0.8263 |

The legal debt margin at April 30, 2023, was computed as follows:

| | General Obligations Bonds | | |
|---------------------------------------|----------------------------------|-----------------------|----------------------|
| | Ordinary (1) | Additional (2) | Total |
| Constitutional Debt Limit | \$ 11,440,112 | \$ 11,440,112 | \$ 22,880,224 |
| General Obligation Bonds Payable | (1,615,000) | - | (1,615,000) |
| Amount Available in Debt Service Fund | 541,512 | - | 541,512 |
| Legal Debt Margin | \$ 10,366,624 | \$ 11,440,112 | \$ 21,806,736 |

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

11. Employee Pension Plan

General Information about the Pension Plan

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

Benefits Provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

| | 2023 Valuation |
|----------------------|-----------------------|
| Benefit multiplier | 2.00% for life |
| Final average salary | 5 years |
| Member contributions | 4% |

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

Employees Covered by Benefit Terms. At June 30, 2023, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

| | General | Police |
|--|----------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 15 | 7 |
| Inactive employees entitled to but not yet receiving benefits | 2 | 8 |
| Active employees | 16 | 10 |
| | 33 | 25 |

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 11.3% (General) and 10.0% (Police) of annual covered payroll.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

Net Pension Liability. The employer's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2023.

Actuarial Assumptions. The total pension liability in the February 28, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.75% wage inflation, 2.25% price inflation |
| Salary increase | 2.75% to 6.75% including wage inflation (General) 2.75% to 6.55% including wage inflation (Police) |
| Investment rate of return | 7.00% net of investment expenses |

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2023, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 29, 2020.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------|--------------------------|---|
| Alpha | 15.00% | 3.67% |
| Equity | 35.00% | 4.78% |
| Fixed Income | 31.00% | 1.41% |
| Real Assets | 36.00% | 3.29% |
| Strategic Assets | 8.00% | 5.25% |
| Cash/Leverage | -25.00% | -0.29% |

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension (Asset) Liability (a) - (b) |
| General Division | | | |
| Balance at beginning of year | \$ 3,235,658 | \$ 3,422,209 | \$ (186,551) |
| Changes for the year | | | |
| Service Cost | 77,479 | - | 77,479 |
| Interest on total pension liability | 224,238 | - | 224,238 |
| Difference between expected and actual experiences | 132,972 | - | 132,972 |
| Contributions - employer | - | 78,570 | (78,570) |
| Contributions - employee | - | 29,981 | (29,981) |
| Net investment income | - | 119,223 | (119,223) |
| Benefits paid, including refunds | (143,092) | (143,092) | - |
| Administrative expenses | - | (4,871) | 4,871 |
| Other (net transfer) | - | (1,374) | 1,374 |
| <i>Net changes</i> | <u>291,597</u> | <u>78,437</u> | <u>213,160</u> |
| Balances at end of year | 3,527,255 | 3,500,646 | 26,609 |
| Police Division | | | |
| Balance at beginning of year | 1,643,169 | 1,804,958 | (161,789) |
| Changes for the year | | | |
| Service Cost | 55,314 | - | 55,314 |
| Interest on total pension liability | 115,140 | - | 115,140 |
| Difference between expected and actual experiences | 123,181 | - | 123,181 |
| Contributions - employer | - | 51,929 | (51,929) |
| Contributions - employee | - | 19,169 | (19,169) |
| Net investment income | - | 63,628 | (63,628) |
| Benefits paid, including refunds | (51,878) | (51,878) | - |
| Administrative expenses | - | (2,740) | 2,740 |
| Other (net transfer) | - | 146 | (146) |
| <i>Net changes</i> | <u>241,757</u> | <u>80,254</u> | <u>161,503</u> |
| Balances at end of year | 1,884,926 | 1,885,212 | (286) |
| Total Plan Balances at End of Year | <u>\$ 5,412,181</u> | <u>\$ 5,385,858</u> | <u>\$ 26,323</u> |

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

The net pension liability has been allocated as follows:

| | |
|--------------------------|-----------|
| Governmental Activities | \$ 6,100 |
| Business-Type Activities | |
| Waterworks System Fund | 10,920 |
| Wastewater System Fund | 9,303 |
| | 20,223 |
| | \$ 26,323 |

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following present the net pension liability (asset) of the employer, calculated using the discount rate of 7.00%, as well as what the employer's net pension liability (asset) would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

| | 1% Decrease 6.00% | Current Single Discount Rate Assumption 7.00% | 1% Increase 8.00% |
|--|------------------------------|--|------------------------------|
| General Division | | | |
| Total Pension Liability | \$ 3,986,892 | \$ 3,527,255 | \$ 3,143,199 |
| Fiduciary Net Position | 3,500,646 | 3,500,646 | 3,500,646 |
| Net Pension Liability (Asset) | 486,246 | 26,609 | (357,447) |
| Police Division | | | |
| Total Pension Liability | 2,204,587 | 1,884,926 | 1,626,734 |
| Fiduciary Net Position | 1,885,212 | 1,885,212 | 1,885,212 |
| Net Pension Liability (Asset) | 319,375 | (286) | (258,478) |
| Total Net Pension Liability (Asset) | \$ 805,621 | \$ 26,323 | \$ (615,925) |

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

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

For the year ended April 30, 2024, the employer recognized pension expense of \$44,024 in the general division and \$69,673 in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred (Inflows) of Resources</u> | <u>Net Deferred Outflows (Inflows) of Resources</u> |
|--|---|--|---|
| General Division | | | |
| Differences between expected and actual experience | \$ 186,727 | \$ (84,567) | \$ 102,160 |
| Assumption changes | - | (34,014) | (34,014) |
| Net difference between projected and actual earnings on pension plan investments | 46,775 | - | 46,775 |
| Contributions subsequent to the measurement date* | 64,196 | - | 64,196 |
| | <u>297,698</u> | <u>(118,581)</u> | <u>179,117</u> |
| Police Division | | | |
| Differences between expected and actual experience | 119,544 | (316) | 119,228 |
| Assumption changes | 2,218 | - | 2,218 |
| Net difference between projected and actual earnings on pension plan investments | 27,581 | - | 27,581 |
| Contributions subsequent to the measurement date* | 47,630 | - | 47,630 |
| | <u>196,973</u> | <u>(316)</u> | <u>196,657</u> |
| | <u>\$ 494,671</u> | <u>\$ (118,897)</u> | <u>\$ 375,774</u> |

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred (Inflows) of Resources</u> | <u>Net Deferred Outflows (Inflows) of Resources</u> |
|---------------------------------|---|--|---|
| Governmental Activities | \$ 266,216 | \$ (28,775) | \$ 237,441 |
| Business-Type Activities | | | |
| Waterworks System Fund | 123,366 | (48,666) | 74,700 |
| Wastewater System Fund | 105,089 | (41,456) | 63,633 |
| | <u>228,455</u> | <u>(90,122)</u> | <u>138,333</u> |
| | <u>\$ 494,671</u> | <u>\$ (118,897)</u> | <u>\$ 375,774</u> |

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ending April 30, 2025.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending April 30, | Net Deferred Outflows (Inflows) of Resources | | |
|--------------------------|--|-------------------|-------------------|
| | General | Police | Total |
| 2025 | \$ 9,088 | \$ 41,394 | \$ 50,482 |
| 2026 | (21,734) | 18,483 | (3,251) |
| 2027 | 85,314 | 67,426 | 152,740 |
| 2028 | 42,253 | 21,724 | 63,977 |
| | <u>\$ 114,921</u> | <u>\$ 149,027</u> | <u>\$ 263,948</u> |

Payable to the Pension Plan

At April 30, 2024, the City had no outstanding amounts of contributions payable to the pension plan.

12. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

13. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of April 30, 2024, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

14. Pledged Revenues

Wastewater System Fund

The City has pledged future sewer customer revenues to repay the Series 2013 Revenue Bonds issued to improve and expand the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2035. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$1,272,921. Principal and interest paid for the current year and total customer net revenues were \$115,647 and \$388,023, respectively.

City of Carl Junction

Notes to the Financial Statements

April 30, 2024

15. Interfund Transfers

Transfers between funds of the City for the year ended April 30, 2024, were as follows:

| | <u>Net Transfers In</u> | <u>Net Transfers Out</u> |
|--------------|-------------------------|--------------------------|
| General Fund | \$ - | \$ 44,700 |
| Park Fund | 44,700 | - |
| | <u>\$ 44,700</u> | <u>\$ 44,700</u> |

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

16. Deferred Taxes

Revenue has not been realized for receivables not expected to be collected within three months of year end, but are expected to be collectible. Deferred taxes as of April 30, 2024 are \$81,892.

17. Unearned Revenue

Unearned revenue consists of revenues received but not considered earned until the eligibility requirements have been met. At April 30, 2024, these unearned revenues include unspent grant proceeds in the amount of \$290,120.

18. Commitments

As of April 30, 2024, the City was committed to the following construction contracts:

- Elements Construction Concepts, INC for sidewalk improvements in the amount of \$263,763.
- Ace Pipe Cleaning, Inc. for the wastewater collection system project in the amount of \$294,866.
- G&G Construction Co., Inc. for the WWTP improvements project in the amount of \$623,420.

Required Supplementary Information

City of Carl Junction

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

Year Ended April 30, 2024

Missouri Local Government Employees Retirement System (LAGERS)

| | Year Ended April 30, 2024 | Year Ended April 30, 2023 | Year Ended April 30, 2022 | Year Ended April 30, 2021 | Year Ended April 30, 2020 | Year Ended April 30, 2019 | Year Ended April 30, 2018 | Year Ended April 30, 2017 | Year Ended April 30, 2016 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Total Pension Liability | | | | | | | | | |
| Service Cost | \$ 132,793 | \$ 140,626 | \$ 148,997 | \$ 149,427 | \$ 147,761 | \$ 142,227 | \$ 134,111 | \$ 113,932 | \$ 105,849 |
| Interest on the Total Pension Liability | 339,378 | 317,211 | 327,918 | 299,889 | 277,819 | 256,657 | 236,932 | 190,218 | 171,668 |
| Change in benefit terms | - | - | - | - | - | - | - | 296,229 | - |
| Difference between expected and actual experience | 256,153 | 147,964 | (160,975) | 67,771 | (9,622) | (26,953) | (28,526) | (4,913) | 60,673 |
| Change of assumptions | - | - | (58,511) | - | - | - | (16,572) | 139,540 | - |
| Benefit Payments, including refunds | (194,970) | (372,577) | (121,172) | (139,047) | (86,593) | (79,063) | (69,233) | (98,989) | (74,072) |
| <i>Net Change in Total Pension Liability</i> | 533,354 | 233,224 | 136,257 | 378,040 | 329,365 | 292,868 | 256,712 | 636,017 | 264,118 |
| Total Pension Liability, Beginning | 4,878,827 | 4,645,603 | 4,509,346 | 4,131,306 | 3,801,941 | 3,509,073 | 3,252,361 | 2,616,344 | 2,352,226 |
| Total Pension Liability, Ending | 5,412,181 | 4,878,827 | 4,645,603 | 4,509,346 | 4,131,306 | 3,801,941 | 3,509,073 | 3,252,361 | 2,616,344 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer | 130,499 | 132,382 | 142,276 | 135,925 | 140,813 | 138,203 | 125,755 | 96,338 | 104,892 |
| Contributions - employee | 49,150 | 46,242 | 51,312 | 56,556 | 49,735 | 48,249 | 46,577 | 43,066 | 44,363 |
| Pension Plan Net Investment Income | 182,851 | 4,572 | 1,138,811 | 50,862 | 256,089 | 381,753 | 328,598 | (4,468) | 49,120 |
| Benefit Payments, including refunds | (194,970) | (372,577) | (121,172) | (139,047) | (86,593) | (79,063) | (69,233) | (98,989) | (74,072) |
| Pension Plan Administrative Expense | (7,611) | (5,635) | (5,034) | (6,859) | (6,280) | (4,184) | (3,878) | (3,871) | (4,008) |
| Other (net transfer) | (1,228) | 162,221 | (20,107) | (8,865) | 27,032 | 11,450 | 7,409 | 15,511 | 39,568 |
| <i>Net Change in Plan Fiduciary Net Position</i> | 158,691 | (32,795) | 1,186,086 | 88,572 | 380,796 | 496,408 | 435,228 | 47,587 | 159,863 |
| Plan Fiduciary Net Position, Beginning | 5,227,167 | 5,259,962 | 4,073,876 | 3,985,304 | 3,604,508 | 3,108,100 | 2,672,872 | 2,625,285 | 2,465,422 |
| Plan Fiduciary Net Position, Ending | 5,385,858 | 5,227,167 | 5,259,962 | 4,073,876 | 3,985,304 | 3,604,508 | 3,108,100 | 2,672,872 | 2,625,285 |
| Employer Net Pension Liability (Asset) | \$ 26,323 | \$ (348,340) | \$ (614,359) | \$ 435,470 | \$ 146,002 | \$ 197,433 | \$ 400,973 | \$ 579,489 | \$ (8,941) |
| Plan fiduciary net position as a percentage of the total pension liability | 99.51% | 107.14% | 113.22% | 90.34% | 96.47% | 94.81% | 88.57% | 82.18% | 100.34% |
| Covered payroll | \$ 1,215,068 | \$ 1,029,522 | \$ 1,251,180 | \$ 1,362,812 | \$ 1,222,302 | \$ 1,204,918 | \$ 1,155,730 | \$ 1,079,412 | \$ 1,063,111 |
| Employer's net pension liability (asset) as a percentage of covered payroll | 2.17% | -33.84% | -49.10% | 31.95% | 11.94% | 16.39% | 34.69% | 53.69% | -0.84% |

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Carl Junction

Schedule of Contributions

Year Ended April 30, 2024

Missouri Local Government Employees Retirement System (LAGERS)

| Year Ending April 30, | Actuarially Determined Contribution | Contribution in Relation to the Actuarially Determined Contribution | Contribution Excess (Deficiency) | Covered Payroll | Contribution as a Percentage of Covered Payroll |
|--------------------------|---|---|--|--------------------|--|
| 2015 | \$ 105,581 | \$ 105,582 | \$ 1 | \$ 1,092,557 | 9.66% |
| 2016 | 96,264 | 96,264 | - | 1,117,988 | 8.61% |
| 2017 | 124,425 | 124,425 | - | 1,164,236 | 10.69% |
| 2018 | 137,855 | 136,371 | (1,484) | 1,188,585 | 11.47% |
| 2019 | 140,418 | 140,418 | - | 1,231,877 | 11.40% |
| 2020 | 137,017 | 137,017 | - | 1,256,879 | 10.90% |
| 2021 | 140,592 | 140,592 | - | 1,277,814 | 11.00% |
| 2022 | 137,489 | 136,180 | (1,309) | 1,172,552 | 11.61% |
| 2023 | 125,716 | 125,716 | - | 1,189,100 | 10.57% |
| 2024 | 145,632 | 135,160 | (10,472) | 1,246,875 | 10.84% |

See accompanying Notes to the Schedule of Contributions.

City of Carl Junction

Notes to the Schedule of Contributions

Year Ended April 30, 2024

Valuation Date: February 28, 2023

Notes: The roll-forward of total pension liability from February 28, 2023, to June 30, 2023, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

Amortization Method: A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of, (i) the remaining initial amortization period, or (ii) 15 years.

Remaining Amortization Period: Multiple bases from 12 to 19 years for general and police divisions

Asset Valuation Method: 5-Year smoothed market; 20% corridor

Inflation: 2.75% wage inflation; 2.25% price inflation

Salary Increases: 2.75% to 6.75% including wage inflation (General); 2.75% to 6.55% including wage inflation (Police)

Investment Rate of Return: 7.00%, net of investment expenses

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition

Mortality: The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

City of Carl Junction

Budgetary Comparison Schedule – General Fund

Year Ended April 30, 2024

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|----------------------------|----------------------------|-------------------------|------------------|---|
| Revenues | | | | |
| Taxes | | | | |
| Ad valorem taxes | \$ 460,000 | \$ 460,000 | \$ 556,052 | \$ 96,052 |
| Sales tax | 521,000 | 521,000 | 621,179 | 100,179 |
| Franchise taxes | 475,000 | 475,000 | 554,639 | 79,639 |
| | <u>1,456,000</u> | <u>1,456,000</u> | <u>1,731,870</u> | <u>275,870</u> |
| Licenses and Permits | | | | |
| Occupational licenses | 70,000 | 70,000 | 83,799 | 13,799 |
| Other fees | 11,500 | 11,500 | 16,825 | 5,325 |
| | <u>81,500</u> | <u>81,500</u> | <u>100,624</u> | <u>19,124</u> |
| Intergovernmental Revenues | | | | |
| Grants | 75,000 | 75,000 | 96,482 | 21,482 |
| Charges for Services | | | | |
| Police services | 3,620 | 3,620 | 9,293 | 5,673 |
| Rent | 42,600 | 42,600 | 40,850 | (1,750) |
| Trash | 80,000 | 80,000 | 88,233 | 8,233 |
| | <u>126,220</u> | <u>126,220</u> | <u>138,376</u> | <u>12,156</u> |
| Fines and Forfeitures | | | | |
| City court fines | 60,000 | 60,000 | 50,119 | (9,881) |
| Miscellaneous | | | | |
| Interest | 250 | 250 | 63,310 | 63,060 |
| Donations | - | - | 38,663 | 38,663 |
| Other | 1,200 | 1,200 | 23,987 | 22,787 |
| | <u>1,450</u> | <u>1,450</u> | <u>125,960</u> | <u>124,510</u> |
| Total Revenues | <u>1,800,170</u> | <u>1,800,170</u> | <u>2,243,431</u> | <u>443,261</u> |

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – General Fund

Year Ended April 30, 2024

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---------------------|---------------------|---------------------|----------------------------------|
| Expenditures | | | | |
| Current | | | | |
| Administrative | 313,791 | 313,791 | 353,271 | (39,480) |
| Police | 1,319,015 | 1,319,015 | 1,097,245 | 221,770 |
| Municipal court | 49,926 | 49,926 | 47,302 | 2,624 |
| Planning and zoning | 3,360 | 3,360 | 3,553 | (193) |
| Building inspector | 32,225 | 32,225 | 25,631 | 6,594 |
| Community service | - | - | 31,612 | (31,612) |
| Capital outlay | 27,958 | 27,958 | - | 27,958 |
| Total Expenditures | 1,746,275 | 1,746,275 | 1,558,614 | 187,661 |
| <i>Excess of Revenues Over Expenditures</i> | 53,895 | 53,895 | 684,817 | 630,922 |
| Other Financing Sources (Uses) | | | | |
| Lease income | 16,000 | 15,000 | 21,044 | 6,044 |
| Sale of property | - | - | 134,530 | 134,530 |
| Operating transfers (out) | (44,700) | (44,700) | (44,700) | - |
| Total Other Financing Sources (Uses) | (28,700) | (29,700) | 110,874 | 140,574 |
| <i>Net Change in Fund Balance</i> | 25,195 | 24,195 | 795,691 | 771,496 |
| Fund Balance, May 1 | 1,896,970 | 1,896,970 | 1,896,970 | - |
| Fund Balance, April 30 | \$ 1,922,165 | \$ 1,921,165 | \$ 2,692,661 | \$ 771,496 |

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – Street Fund

Year Ended April 30, 2024

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|-----------------|--------------|----------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Sales tax | \$ 156,000 | \$ 156,000 | \$ 172,881 | \$ 16,881 |
| Motor vehicle tax | 325,000 | 325,000 | 420,051 | 95,051 |
| | 481,000 | 481,000 | 592,932 | 111,932 |
| Miscellaneous | | | | |
| Interest | 80 | 80 | 13,783 | 13,703 |
| Other | 1,000 | 1,000 | 4,827 | 3,827 |
| | 1,080 | 1,080 | 18,610 | 17,530 |
| Total Revenues | 482,080 | 482,080 | 611,542 | 129,462 |
| Expenditures | | | | |
| Current | | | | |
| Street | 461,395 | 460,395 | 337,670 | 122,725 |
| Capital outlay | 20,000 | 30,000 | - | 30,000 |
| Total Expenditures | 481,395 | 490,395 | 337,670 | 152,725 |
| <i>Excess (Deficit) of Revenues Over Expenditures</i> | 685 | (8,315) | 273,872 | 282,187 |
| Fund Balance, May 1 | 904,516 | 904,516 | 904,516 | - |
| Fund Balance, April 30 | \$ 905,201 | \$ 896,201 | \$ 1,178,388 | \$ 282,187 |

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – Park Fund

Year Ended April 30, 2024

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|-----------------|------------|----------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Sales tax | \$ 156,000 | \$ 156,000 | \$ 172,881 | \$ 16,881 |
| Intergovernmental | | | | |
| Grants | - | - | 78,326 | 78,326 |
| Charges for Services | | | | |
| Center activities | 3,000 | 3,000 | 2,564 | (436) |
| Miscellaneous | | | | |
| Interest | 40 | 40 | 2,975 | 2,935 |
| Other | 2,500 | 2,500 | 3,059 | 559 |
| | 2,540 | 2,540 | 6,034 | 3,494 |
| Total Revenues | 161,540 | 161,540 | 259,805 | 98,265 |
| Expenditures | | | | |
| Current | | | | |
| Parks | 98,930 | 81,241 | 80,577 | 664 |
| Stormwater | 15,000 | 15,000 | 35,402 | (20,402) |
| Capital outlay | 42,000 | 223,326 | 196,918 | 26,408 |
| Total Expenditures | 155,930 | 319,567 | 312,897 | 6,670 |
| <i>Excess (Deficit) of Revenues Over Expenditures</i> | 5,610 | (158,027) | (53,092) | 104,935 |
| Other Financing Sources | | | | |
| Operating transfers in | 44,700 | 44,700 | 44,700 | - |
| <i>Net Change in Fund Balance</i> | 50,310 | (113,327) | (8,392) | 104,935 |
| Fund Balance, May 1 | 313,967 | 313,967 | 313,967 | - |
| Fund Balance, April 30 | \$ 364,277 | \$ 200,640 | \$ 305,575 | \$ 104,935 |

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – Capital Improvement Fund

Year Ended April 30, 2024

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|-----------------|------------|----------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Sales tax | \$ 156,000 | \$ 156,000 | \$ 172,882 | \$ 16,882 |
| Intergovernmental | | | | |
| Grants | - | - | 443,077 | 443,077 |
| Miscellaneous | | | | |
| Interest | 75 | 75 | 2,636 | 2,561 |
| Other | 500 | 500 | - | (500) |
| | 575 | 575 | 2,636 | 2,061 |
| Total Revenues | 156,575 | 156,575 | 618,595 | 462,020 |
| Expenditures | | | | |
| Capital outlay | 140,000 | 375,000 | 1,015,721 | (640,721) |
| Total Expenditures | 140,000 | 375,000 | 1,015,721 | (640,721) |
| <i>Excess (Deficit) of Revenues Over Expenditures</i> | 16,575 | (218,425) | (397,126) | (178,701) |
| Fund Balance, May 1 | 592,901 | 592,901 | 592,901 | - |
| Fund Balance, April 30 | \$ 609,476 | \$ 374,476 | \$ 195,775 | \$ (178,701) |

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Budgetary Comparison Schedule – ARPA Fund

Year Ended April 30, 2024

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|-----------------|------------|----------------------------------|
| Revenues | | | | |
| Intergovernmental revenues | | | | |
| Grants | \$ - | \$ - | \$ 384,957 | \$ 384,957 |
| Miscellaneous | | | | |
| Interest | - | - | 49 | 49 |
| Total Revenues | - | - | 385,006 | 385,006 |
| Expenditures | | | | |
| Current | | | | |
| Non-department improvements | - | - | 40,609 | (40,609) |
| Capital outlay | - | - | 344,348 | (344,348) |
| Total Expenditures | - | - | 384,957 | (384,957) |
| <i>Excess of Revenues Over Expenditures</i> | - | - | 49 | 49 |
| Fund Balance, May 1 | - | - | 163 | 163 |
| Fund Balance, April 30 | \$ - | \$ - | \$ 212 | \$ 212 |

See accompanying Notes to the Budgetary Comparison Schedules.

City of Carl Junction

Notes to the Budgetary Comparison Schedules

Year Ended April 30, 2024

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April, Administration submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the Board of Aldermen in late March or early April to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to May 1, ordinances are passed by the Board of Aldermen which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the Board of Aldermen on approved budget adjustment forms.

Other Reporting Requirements



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Carl Junction, Missouri's basic financial statements, and have issued our report thereon, dated August 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Carl Junction, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carl Junction, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, as item 2024-001 that we consider to be a material weakness.

Report on Compliance and other Matters

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

City of Carl Junction, Missouri's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Carl Junction, Missouri's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
August 30, 2024

City of Carl Junction

Schedule of Findings and Responses

Year Ended April 30, 2024

Material Weakness

2024-001 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.