

CITY OF BUTLER, MISSOURI

FINANCIAL STATEMENTS

MARCH 31, 2021



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BUTLER, MISSOURI  
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**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Aldermen  
City of Butler, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Butler, Missouri, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Butler, Missouri, as of March 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 44 - 50, the schedule of employer's contributions on page 51, and the schedule of changes in net pension liability on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2021, on our consideration of the City of Butler, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Butler, Missouri's internal control over financial reporting and compliance.

*Dana F Cole + Company, LLP*

Overland Park, Kansas  
August 17, 2021

CITY OF BUTLER, MISSOURI  
STATEMENT OF NET POSITION  
MARCH 31, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents (claim on cash)	1,398,060	(266,214)	1,131,846
Cash and cash equivalents - restricted	1,745,020	820,485	2,565,505
Receivables			
Taxes	501,620		501,620
Accounts	106,475	797,802	904,277
Other	46,497	23,998	70,495
Inventory	32,858	596,225	629,083
Net pension asset	70,390	36,104	106,494
Capital assets			
Land	670,077	119,145	789,222
Furniture and equipment	242,343	4,815,712	5,058,055
Buildings and land improvements	4,253,606	1,580,857	5,834,463
Heavy equipment	2,137,522	790,434	2,927,956
Vehicles	1,814,696	579,214	2,393,910
Infrastructure	5,318,052	17,201,758	22,519,810
Accumulated depreciation	<u>(6,595,327)</u>	<u>(16,332,317)</u>	<u>(22,927,644)</u>
<b>TOTAL ASSETS</b>	<u>11,741,889</u>	<u>10,763,203</u>	<u>22,505,092</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension - related amounts	<u>326,712</u>	<u>54,293</u>	<u>381,005</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u>12,068,601</u>	<u>10,817,496</u>	<u>22,886,097</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	428,863	407,104	835,967
Accrued expenses		2,003	2,003
Salaries and benefits payable	56,920	72,444	129,364
Court bonds and deposits	5,253	203,357	208,610
Other liabilities	<u>16,527</u>		<u>16,527</u>
Total current liabilities	<u>507,563</u>	<u>684,908</u>	<u>1,192,471</u>

CITY OF BUTLER, MISSOURI  
STATEMENT OF NET POSITION  
MARCH 31, 2021

	Governmental Activities	Business-Type Activities	Total
LIABILITIES (Continued)			
Long-term liabilities			
Due within one year:			
Long-term debt	422,481	605,000	1,027,481
Accrued interest	3,994	14,125	18,119
Long-term debt, net of current portion	1,505,000	235,000	1,740,000
Total long-term liabilities	<u>1,931,475</u>	<u>854,125</u>	<u>2,785,600</u>
TOTAL LIABILITIES	<u>2,439,038</u>	<u>1,539,033</u>	<u>3,978,071</u>
DEFERRED INFLOWS OF RESOURCES			
Pension - related amounts	<u>188,913</u>	<u>44,258</u>	<u>233,171</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>2,627,951</u>	<u>1,583,291</u>	<u>4,211,242</u>
NET POSITION			
Net investment in capital assets	5,913,488	7,950,907	13,864,395
Restricted:			
Cemetery	324,834		324,834
Debt service		820,485	820,485
Capital outlay	586,363		586,363
Fire protection	118,146		118,146
Police	17,701		17,701
Other	8,111		8,111
Parks and recreation	301,484		301,484
Street	514,216		514,216
Unrestricted	<u>1,656,307</u>	<u>462,813</u>	<u>2,119,120</u>
TOTAL NET POSITION	<u>9,440,650</u>	<u>9,234,205</u>	<u>18,674,855</u>

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2021

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	626,795	152,175	116,614		(358,006)		(358,006)
Police	1,093,205	42,026	500		(1,050,679)		(1,050,679)
Fire department	339,909		2,475	382,229	44,795		44,795
Street	430,440		4,549	46,242	(379,649)		(379,649)
Emergency management	9,176				(9,176)		(9,176)
Cemetery	122,305				(122,305)		(122,305)
Parks	306,364				(306,364)		(306,364)
Recreation and aquatics	90,252				(90,252)		(90,252)
Municipal court	65,598				(65,598)		(65,598)
Airport	111,670		93,320		(18,350)		(18,350)
Interest on long-term debt	71,949				(71,949)		(71,949)
Total governmental activities	<u>3,267,663</u>	<u>194,201</u>	<u>217,458</u>	<u>428,471</u>	<u>(2,427,533)</u>		<u>(2,427,533)</u>
Business-type activities							
Water, sewer, electric, and trash	6,765,378	7,126,366				360,988	360,988
Total primary government	<u>10,033,041</u>	<u>7,320,567</u>	<u>217,458</u>	<u>428,471</u>	<u>(2,427,533)</u>	<u>360,988</u>	<u>(2,066,545)</u>
General revenues							
Taxes							
Sales taxes					2,792,744		2,792,744
Property taxes, levied for general purposes					299,522		299,522
Property taxes, levied for specific purposes					15,089		15,089
Franchise taxes					149,373		149,373
Fuel and vehicle taxes					173,753		173,753
Investment earnings					4,864	9,506	14,370
Miscellaneous					34,471	92,366	126,837
Insurance proceeds					122,851		122,851
Gain on sale of assets					208,669		208,669
Total general revenues					<u>3,801,336</u>	<u>101,872</u>	<u>3,903,208</u>
Transfers in (out)					<u>303,616</u>	<u>(303,616)</u>	
CHANGE IN NET POSITION					<u>1,677,419</u>	<u>159,244</u>	<u>1,836,663</u>
NET POSITON, beginning of year					<u>7,763,231</u>	<u>9,074,961</u>	<u>16,838,192</u>
NET POSITION, end of year					<u>9,440,650</u>	<u>9,234,205</u>	<u>18,674,855</u>

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2021

	General Fund	Transportation Tax Fund	Park Fund	Airport Fund	Capital Projects Fund	Fire Protection Fund	Total
<b>ASSETS</b>							
ASSETS							
Pooled cash and cash equivalents	1,176,594			88,749	132,717		1,398,060
Cash and cash equivalents - restricted	357,893	458,272	245,372		586,363	97,120	1,745,020
Receivables							
Taxes	319,999	55,944	55,944		55,786	13,947	501,620
Accounts	106,475						106,475
Grants	46,497						46,497
Inventory	32,858						32,858
<b>TOTAL ASSETS</b>	<b>2,040,316</b>	<b>514,216</b>	<b>301,316</b>	<b>88,749</b>	<b>774,866</b>	<b>111,067</b>	<b>3,830,530</b>
<b>LIABILITIES AND FUND BALANCES</b>							
LIABILITIES							
Accounts payable	335,282			500	93,081		428,863
Salaries and benefits payable	56,920						56,920
Deferred property taxes	16,527						16,527
Court bonds and deposits	5,253						5,253
<b>Total liabilities</b>	<b>413,982</b>			<b>500</b>	<b>93,081</b>		<b>507,563</b>
FUND BALANCES							
Nonspendable							
Inventories	32,858						32,858
Cemetery perpetual care	303,073						303,073
Restricted							
Cemetery	21,761						21,761
Parks and recreation	168		301,316				301,484
Capital outlay					586,363		586,363
Fire protection	7,079					111,067	118,146
Police	17,701						17,701
Other	8,111						8,111
Street		514,216					514,216
Assigned							
Capital outlay					95,422		95,422
Cemetery	71,139						71,139
Airport				88,249			88,249
Unassigned	1,164,444						1,164,444
<b>Total fund balances</b>	<b>1,626,334</b>	<b>514,216</b>	<b>301,316</b>	<b>88,249</b>	<b>681,785</b>	<b>111,067</b>	<b>3,322,967</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>2,040,316</b>	<b>514,216</b>	<b>301,316</b>	<b>88,749</b>	<b>774,866</b>	<b>111,067</b>	<b>3,830,530</b>

See accompanying notes to basic financial statements.



CITY OF BUTLER, MISSOURI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED MARCH 31, 2021

Total fund balance - total governmental funds	3,322,967
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,840,969
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,878,994)
The effects of GASB 68 to record the net pension asset (liability) and related deferred outflows and inflows of resources are not reflected in the fund financial statements.	
Net pension asset	70,390
Deferred outflows of resources to be recognized in future pension expense	326,712
Deferred inflows of resources to be recognized in future pension expense	(188,913)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(52,481)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>9,440,650</u></u>

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2021

	General Fund	Transportation Tax Fund	Park Fund	Airport Fund	Capital Projects Fund	Fire Protection Fund	Total
<b>REVENUES</b>							
Property taxes	314,611						314,611
Sales tax	1,528,462	389,437	389,437		389,127	96,280	2,792,743
Franchise tax	149,373						149,373
Fuel and vehicle tax	173,753						173,753
Licenses and permits	47,476						47,476
Intergovernmental revenue	645,930						645,930
Charges for services	76,378			28,321			104,699
Fees and fines	42,026						42,026
Investment earnings	4,524	60	61		179	40	4,864
Sale of property	292,423						292,423
Insurance proceeds	122,851						122,851
Other	31,500			2,971			34,471
Total revenues	<u>3,429,307</u>	<u>389,497</u>	<u>389,498</u>	<u>31,292</u>	<u>389,306</u>	<u>96,320</u>	<u>4,725,220</u>
<b>EXPENDITURES</b>							
Current							
General government	612,332						612,332
Police	928,421						928,421
Fire department	233,393						233,393
Street	266,609						266,609
Emergency management	8,004						8,004
Cemetery	120,894						120,894
Parks	232,959						232,959
Recreation and aquatics	90,252						90,252
Municipal court	65,598						65,598
Airport				11,862			11,862
Capital outlay	566,368	262,651			194,459	116,526	1,140,004
Debt service							
Principal			221,075		258,925		480,000
Interest and other charges			15,786		56,163		71,949
Total expenditures	<u>3,124,830</u>	<u>262,651</u>	<u>236,861</u>	<u>11,862</u>	<u>509,547</u>	<u>116,526</u>	<u>4,262,277</u>

CITY OF BUTLER, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2021

	General Fund	Transportation Tax Fund	Park Fund	Airport Fund	Capital Projects Fund	Fire Protection Fund	Total
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>304,477</u>	<u>126,846</u>	<u>152,637</u>	<u>19,430</u>	<u>(120,241)</u>	<u>(20,206)</u>	<u>462,943</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	594,616						594,616
Transfers out	<u>          </u>	<u>(150,000)</u>	<u>(131,000)</u>	<u>          </u>	<u>          </u>	<u>(10,000)</u>	<u>(291,000)</u>
Total other financing sources (uses)	<u>594,616</u>	<u>(150,000)</u>	<u>(131,000)</u>	<u>          </u>	<u>          </u>	<u>(10,000)</u>	<u>303,616</u>
ω REVENUES AND OTHER FINANCING SOURCES (OVER) UNDER EXPENDITURES AND OTHER FINANCING USES	899,093	(23,154)	21,637	19,430	(120,241)	(30,206)	766,559
FUND BALANCE, beginning of year.	<u>727,241</u>	<u>537,370</u>	<u>279,679</u>	<u>68,819</u>	<u>802,026</u>	<u>141,273</u>	<u>2,556,408</u>
FUND BALANCE, end of year	<u>1,626,334</u>	<u>514,216</u>	<u>301,316</u>	<u>88,249</u>	<u>681,785</u>	<u>111,067</u>	<u>3,322,967</u>

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2021

Net change in fund balances - total governmental funds	766,559
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Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	1,140,004	
Depreciation	<u>(533,229)</u>	606,775

Governmental funds reports the sale of capital assets based on the revenue collected from the sale. However, in the statement of activities, the cost of the sold asset and related depreciation are removed from the City balances. This is the amount by which the undepreciated balance was recorded for such disposals.

(83,754)

The issuance of long-term debt (e.g., bonds, loans, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Long-term debt payments	480,000
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Governmental funds report payments required for pension cost as expenditures. However, in the statement of activities, these costs are adjusted for the actuarial balances of the net pension asset/liability and deferred outflows and inflows of resources. This is the amount by which the reported pension expense by the pension plan exceeded the amounts paid into the plan. This is the amount by which pension expense exceeded payments.

(93,719)

Compensated absences in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

1,558

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

1,677,419

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
MARCH 31, 2021

ASSETS

Current assets

Pooled cash (claim on cash) and cash equivalents	(266,214)
Cash and cash equivalents - restricted	820,485
Receivables	
Billed	538,110
Unbilled	259,692
Other	23,998
Inventories	596,225
Total current assets	<u>1,972,296</u>

Noncurrent assets

Net pension asset	36,104
Capital assets	
Land and improvements	119,145
Infrastructure	17,201,758
Buildings	1,580,857
Equipment and furniture	6,185,360
Less accumulated depreciation	(16,332,317)
Total noncurrent assets	<u>8,790,907</u>

TOTAL ASSETS 10,763,203

DEFERRED OUTFLOWS OF RESOURCES

Resources to be recognized in future pension expense due to assets	<u>54,293</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS  
OF RESOURCES 10,817,496

LIABILITIES

Current liabilities

Accounts payable	407,104
Salaries and benefits payable	72,444
Accrued interest expenses	14,125
Meter deposits	203,357
Other payables	2,003
Current portion of long-term obligations	<u>605,000</u>
Current portion of long-term debt	
Total current liabilities	<u>1,304,033</u>

CITY OF BUTLER, MISSOURI  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
MARCH 31, 2021

LIABILITIES (Continued)

Noncurrent liabilities

Net pension liability 0

Noncurrent portion of long-term obligations 235,000

Total noncurrent liabilities 235,000

TOTAL LIABILITIES 1,539,033

DEFERRED INFLOWS OF RESOURCES

Resources to be recognized in future  
pension expense due to liabilities 44,258

TOTAL LIABILITIES AND DEFERRED INFLOWS  
OF RESOURCES 1,583,291

NET POSITION

Net investment in capital assets 7,950,907

Restricted for debt service 820,485

Unrestricted 462,813

TOTAL NET POSITION 9,234,205

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED MARCH 31, 2021

REVENUES	
Charges for services	7,126,366
Rental income	16,890
Miscellaneous income	75,476
Total revenues	<u>7,218,732</u>
EXPENSES	
Personnel services	1,187,324
Contractual services	3,944,192
Materials and supplies	173,865
Maintenance and repairs	323,545
Insurance	91,336
Utilities	252,363
Depreciation and amortization	640,081
Administration	137,367
Total expenses	<u>6,750,073</u>
OPERATING INCOME	<u>468,659</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	9,506
Interest expense	(15,305)
Total nonoperating revenues (expenses)	<u>(5,799)</u>
INCOME BEFORE TRANSFERS	<u>462,860</u>
TRANSFERS	
Transfers out	<u>(303,616)</u>
CHANGE IN NET POSITION	159,244
NET POSITION, beginning of year	<u>9,074,961</u>
NET POSITION, end of year	<u>9,234,205</u>

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED MARCH 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and others	7,197,605
Cash payments to suppliers for goods and services	(4,974,278)
Cash payments for employee services and benefits	<u>(1,223,096)</u>
Net cash provided by (used in) operating activities	<u>1,000,231</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net transfers out	<u>(303,616)</u>
Net cash used in noncapital financing activities	<u>(303,616)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from interest	<u>9,506</u>
Net cash provided by investing activities	<u>9,506</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash paid for purchase of capital assets	(16,455)
Cash paid for principal of long-term debt	(580,000)
Cash paid for interest on long-term debt	<u>(15,305)</u>
Net cash used in capital and related financing activities	<u>(611,760)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	94,361
CASH AND CASH EQUIVALENTS, beginning of year	459,910
CASH AND CASH EQUIVALENTS, end of year	<u><u>554,271</u></u>
AS SHOWN ON THE STATEMENT OF NET POSITION:	
Cash and cash equivalents (claim on cash) - unrestricted	(266,214)
Cash and cash equivalents - restricted	<u>820,485</u>
	<u><u>554,271</u></u>



CITY OF BUTLER, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED MARCH 31, 2021

Reconciliation of Operating Income to Net

Cash Provided By (Used In) Operating Activities

Operating Income	<u>468,659</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation and amortization expenses	640,081
(Increase) decrease in the following assets:	
Receivables	(23,852)
Inventories	(58,703)
Increase (decrease) in the following liabilities:	
Accounts payable	7,093
Accrued liabilities	(676)
Meter deposits	2,725
Net pension liability and related deferred outflows and inflows of resources	<u>(35,096)</u>
Total adjustments	<u>531,572</u>
Net cash provided by operating activities	<u><u>1,000,231</u></u>

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Butler, Missouri (the City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

The City of Butler, Missouri, located in Bates County, Missouri, is a third-class city in which citizens elect the mayor at large and eight aldermen by wards, two from each ward. The City operates under a Council-City Administrator form of government and provides such services as public safety, streets, parks and recreation; planning, and general administrative services. The City Administrator is the chief administrative officer of the City. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments.

B. BASIS OF PRESENTATION

The government-wide financial statements (e.g., the statement of net position and statement of activities) report information on all of the activities of the City as a whole. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect costs.

Fund Financial Statements

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary, even though the latter are excluded from the government-wide financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

The funds of the City are described below:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position. The following are the City's governmental fund types:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. This is the City's primary operating fund. Expenditures from this fund provide for basic City services including police protection, planning, inspection, engineering, animal control, civil defense, municipal court, and overall basic services such as finance and data processing, personnel and general administration of the City. The fund's main revenue sources are from tax revenues including property, sales, gasoline, and franchise. Other revenues include charges for services, fines and fees revenue from the operation of the municipal court and investment earnings.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for specified purposes the purpose of which is determined by the fund name. The reporting entity includes the following special revenue funds, which are reported as major funds:

Transportation Tax Fund - The primary function of the Transportation Tax Fund is to account for funds received from the City's Public Mass Transportation Sales Tax and the expenditures funded from such receipts. Expenditures include the operation and maintenance of streets, curbs, and other improvements to City roadways.

Capital Projects Fund - The primary function of the Capital Projects Fund is to account for resources received from the City Capital Improvement sales tax as well as the expenditures funded from such receipts. Expenditures within this fund are restricted to capital projects and purchases including construction, improvements, and the acquisition of capital assets for the City's use.

Nonmajor Special Revenue Funds

Park and Storm Water Fund - This fund accounts for revenues received from the City Storm Water/Local Parks tax and the associated expenditures for improvements to the City's parks and pool.

Airport Fund - This fund's main source of revenues is from the rental of airport hangers and City owned land at the airport. Expenditures recorded in the fund are for the operations and maintenance of the City's airport.

Fire Protection Sales Tax Fund - This fund accounts for the revenues from the City's Fire Protection District Sales tax and associated expenditures for the operation of fire protection services for the City.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Proprietary Fund Type

Proprietary funds are used to account for the City's ongoing business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

The Utility Fund accounts for the provision of water, sewer, electric, and sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing, collection, and related debt service.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods and/or services of that activity. Operating expenses are those that are incurred to provide the goods and services offered to City customers and users. Non-operating revenues and expenses are items, such as investment income and interest expense, that are not a result of direct operations of the activity.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

of the end of the current fiscal period. Grant revenues' availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on governmental long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due, or when payments are due early in the next fiscal year.

Property tax, sales tax, gasoline tax, motor vehicle tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Utility are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. INVENTORIES

Inventories, consisting of materials and supplies, are valued at lower of cost or net realizable value. Cost is determined using estimated replacement cost basis which approximates actual cost.

E. POOLED CASH, INVESTMENTS, AND RESTRICTED ASSETS

State statutes authorize the City to invest in banking institutions, and obligations of municipalities, repurchase agreements, U.S. Treasury obligations, and U.S. government agency securities. Cash resources of the individual governmental fund types are combined to form a pool of cash and investments. At March 31, 2021, the City's cash was deposited in demand accounts, certificates of deposit, Federal Home Loan Bank Notes, Federal National Mortgage Notes, Federal Home Loan Mortgage Corporation Notes, and U.S. Treasury Obligations.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. POOLED CASH, INVESTMENTS, AND RESTRICTED ASSETS (Continued)

Investments with maturities of less than one year are stated at cost which approximates fair value. Interest income on pooled cash and investments is allocated based upon each fund's respective average cash balance.

Assets are restricted for court bonds, debt service requirements, and the refunding of customer meter deposits.

F. ACCOUNTS RECEIVABLES

The City of Butler, Missouri, recognizes receivables in its various funds based on the accounting basis required for that fund. Allowances are provided for possible uncollectible accounts.

G. RESTRICTED ASSETS

Certain proceeds of special revenue funds and from the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

H. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements.

Under GASB Statement No. 34, small cities have the option to capitalize infrastructure purchased in previous years. The City of Butler, Missouri, has chosen not to capitalize existing infrastructure but will capitalize any future infrastructure that it acquires. No long-term capital assets or depreciation are shown in the governmental funds' financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the City) are defined as assets with an individual cost of more than \$5,000 and an estimated useful life greater than one year. On July 1, 1983, estimated values were assigned to all fixed assets for which no historical cost was available. All subsequent additions have been recorded at cost. Donated fixed assets are valued at their estimated fair market value on the date donated.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. CAPITAL ASSETS (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Plant, structures, and lines	50 - 60 years
Infrastructure	50 years
Equipment and vehicles	3 - 10 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

I. LONG-TERM DEBT

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds.

The governmental fund financial statements recognize the proceeds and payments of debt as other financing sources and uses of the current period. Issuance costs are reported as expenditures.

J. COMPENSATED ABSENCES

Employees are granted vacation and sick leave at various rates based on their tenure with the City. Regardless of the rate at which employees accrue vacation leave, only one hundred sixty (160) hours may be carried over from one year to the next. Any additional balance is forfeited. Accrued vacation time may be compensated upon separation of the City, however any amounts owed to the City at the time of termination may be deducted from the balance of accrued vacation. Unused sick leave is not compensated upon separation from the City.

Accumulated vacation and sick leave, that is expected to be liquidated, with expendable available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.



CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. EQUITY CLASSIFICATION

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt, consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position consists of net assets that do not meet the definition of restricted.

It is the City's policy to use restricted net assets first, prior to the use of unrestricted net assets, when a disbursement is paid for purposes in which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

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

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. EQUITY CLASSIFICATION (Continued)

Fund Financial Statements (Continued)

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. There are no designated funds in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to the City Clerk through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund as it is the only fund that reports a positive, unassigned fund balance. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative, unassigned fund balance in that fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. REVENUES

Billings for electric, water, and sewer revenues are rendered on a monthly-cycle basis. Unbilled revenues from the last billing date to the end of the period are accrued in the period of usage and included in accounts receivable.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

M. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The City has several calculations related to its pension plan that qualify for reporting in this category.

In addition to liabilities, the statement of net financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The City has several calculations related to its pension plan that qualify for reporting in this category.

The City has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. This item has been reported as a deferred inflow on the government-wide statement of net position. Also, a deferred inflow of resources dealing with pension is reported for the differences between expected and actual experience, the net difference between projected and actual earnings on pension investments, and changes of assumptions.

N. INTERFUND TRANSACTIONS

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets.

Legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. USE OF ESTIMATES

The preparation of basic 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary control. Encumbrances outstanding at year end, if any, are reported as reservation of fund balance for subsequent year expenditures. When expenditures are incurred in subsequent years related to amounts previously encumbered, such amounts, are if material reappropriated in the year expended.

Q. STATEMENT OF CASH FLOWS

A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement No. 9 for the proprietary fund. For purposes of the statement of cash flows, demand deposits and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

R. BUDGET PROCESS

The reported budgetary data represents the final approved budget after amendments as adopted by the Board of Aldermen. Annual operating budgets are adopted for the General Fund, Special Revenue Funds, and the Proprietary Fund. Missouri State Statutes require that budgets be adopted for all governmental funds. The City prepares its budgets on the cash basis of accounting for its governmental funds and the accrual basis for the proprietary fund. The Board of Aldermen did not amend the budget during the year ended March 31, 2021. The Board of Aldermen has performed the following procedures in establishing the City's budget:

1. Prior to February 28, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. BUDGET PROCESS (Continued)

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through the passage of an ordinance.
4. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. This constitutes the City's legal level of budgetary control.
5. Appropriations lapse at year end, but may be reappropriated in the following fiscal year.

NOTE 2. RESTRICTED ASSETS

The revenue bond ordinance authorizing the revenue bond issue established certain deposit requirements for bond and interest sinking funds, reserve funds, and depreciation and replacement funds. At March 31, 2021, the required deposits had been met.

The City's user charge ordinance established certain deposit requirements for depreciation and replacement funds. At March 31, 2021, the required deposits had been met.

Additional assets are considered restricted based on requirements for funding from outside sources.

Restricted assets are stated at cost and are composed of the following at March 31, 2021:

	General Fund	Transportation Tax Fund	Park Fund	Capital Projects Fund	Fire Protection Fund	Utility Fund	Total
Municipal court	5,405						5,405
Parks and rec	168		301,316				301,484
Fire	7,079				111,067		118,146
Police	17,701						17,701
Cemetery	324,834						324,834
Other	8,111						8,111
Capital outlay				586,363			586,363
Street		514,216					514,216
Debt service						820,485	820,485
	<u>363,298</u>	<u>514,216</u>	<u>301,316</u>	<u>586,363</u>	<u>111,067</u>	<u>820,485</u>	<u>2,696,745</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. PROPERTY TAX REVENUES

The assessed valuation of the tangible property for the purpose of local taxation for calendar year 2020, were as follows:

Real estate	34,945,916
Personal property	<u>8,164,519</u>
Total	<u>43,110,435</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2020 was as follows:

General revenue	0.6105
Lake	0.0124
Parks and recreation	<u>0.0286</u>
Total	<u>0.6515</u>

Property taxes are levied no later than November 1 of each year and are due and payable at that time. All unpaid taxes are considered delinquent as of January 1 of the following year. Unpaid property taxes may attach an enforceable lien at that time.

NOTE 4. DEPOSITS AND INVESTMENTS

As of March 31, 2021, the carrying amount of the City's cash on hand, demand deposits, and certificates of deposit in financial institutions was \$2,290,503. The bank balances of demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the City. All deposits were held by a qualified depository.

Interest Rate Risk

Inherent rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The City does not have a formal policy for inherent rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts. The City has elected to use the segmented time distribution method of disclosure for its inherent rate risk.

Custodial Credit Risk

This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. As of March 31, 2021, none of the City's bank balances were exposed to custodial credit risk. The City's policy is to collateralize demand deposits with securities held by the financial institution's agent and in the City's name.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

State Statutes requires that all funds in depositories be fully insured or collateralized. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by statutes and approved by the State. The City may purchase any investments allowed by the State Treasurer. These include:

1. Obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or,
2. Repurchase agreements maturing and becoming payable within ninety (90) days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

The City's general credit risk policy is to apply the prudent person rule: Investments shall be made with the exercise of judgment and care, under circumstances then prevailing, which individuals of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probability safety of their capital, as well as the probable income to be derived.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of investment in a single issuer. The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities.

NOTE 5. ACCOUNTS RECEIVABLE

As a result of providing water, electric, waste water, and sanitation services to its citizens, the City has extended credit to them. Accounts receivable are presented net of allowance for doubtful accounts of \$7,500 for the Utility Fund.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. COMPLIANCE WITH MISSOURI STATUTES

Missouri House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations.

Fines and costs for minor traffic violations	10,176
Annual general operating revenues	2,368,103
Fines and costs for minor traffic violations as a percentage of annual general operating revenue	 0.43%

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2021, was as follows:

	Balance April 1, 2020	Increases	Decreases	Balance March 31, 2021
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	753,831		83,754	670,077
Total capital assets, not being depreciated	<u>753,831</u>		<u>83,754</u>	<u>670,077</u>
Capital assets, being depreciated				
Furniture and equipment	242,343			242,343
Buildings and land improvements	4,253,606			4,253,606
Heavy equipment	1,782,332	355,190		2,137,522
Vehicles	1,292,533	522,163		1,814,696
Infrastructure	5,055,401	262,651		5,318,052
Total capital assets, being depreciated	<u>12,626,215</u>	<u>1,140,004</u>		<u>13,766,219</u>



CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (Continued)

	Balance April 1, 2020	Increases	Decreases	Balance March 31, 2021
<u>Governmental Activities (Continued)</u>				
Less accumulated depreciation for:				
Furniture and equipment	101,062	21,260		122,322
Buildings and land improvements	1,805,751	83,414		1,889,165
Heavy equipment	1,358,744	75,839		1,434,583
Vehicles	775,691	144,068		919,759
Infrastructure	2,020,850	208,648		2,229,498
Total accumulated depreciation	<u>6,062,098</u>	<u>533,229</u>		<u>6,595,327</u>
Governmental activities capital assets, net	<u>7,317,948</u>	<u>606,775</u>	<u>83,754</u>	<u>7,840,969</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	<u>119,145</u>			<u>119,145</u>
Capital assets, being depreciated				
Furniture and equipment	4,811,412	4,300		4,815,712
Buildings and land improvements	1,568,702	12,155		1,580,857
Heavy equipment	790,434			790,434
Vehicles	579,214			579,214
Infrastructure	<u>17,201,758</u>			<u>17,201,758</u>
Total capital assets, being depreciated	<u>24,951,520</u>	<u>16,455</u>		<u>24,967,975</u>
Less accumulated depreciation for:				
Furniture and equipment	3,781,721	196,625		3,978,346
Buildings and land improvements	1,157,185	25,984		1,183,169
Heavy equipment	437,913	40,631		478,544
Vehicles	378,182	34,574		412,756
Infrastructure	<u>9,937,235</u>	<u>342,267</u>		<u>10,279,502</u>
Total accumulated depreciation	<u>15,692,236</u>	<u>640,081</u>		<u>16,332,317</u>
Business-type activities capital assets, net	<u>9,378,429</u>	<u>(623,626)</u>		<u>8,754,803</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (Continued)

The following table summarizes the depreciation by function for the year ended March 31, 2021:

	Governmental Activities	Business-Type Activities
Administration	21,280	
Airport	99,808	
Cemetery	3,009	
Emergency management	1,172	
Fire	116,706	
Parks and recreation	77,425	
Police	45,669	
Streets	168,160	
Electric		176,200
Sewer		157,000
Water		<u>306,881</u>
Total	<u>533,229</u>	<u>640,081</u>

NOTE 8. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended March 31, 2021, consisted of the following:

	Balance April 1, 2020	Additions	Retirements	Balance March 31, 2021	Due in One Year
Certificates of participation	910,000		330,000	580,000	215,000
Capital leases	1,445,000		150,000	1,295,000	155,000
Compensated absences	<u>54,039</u>	<u>52,481</u>	<u>54,039</u>	<u>52,481</u>	<u>52,481</u>
	<u>2,409,039</u>	<u>52,481</u>	<u>534,039</u>	<u>1,927,481</u>	<u>422,481</u>

Compensated Absences

Compensated absences are payable upon separation from employment, which could occur at any time, and are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Compensated Absences (Continued)

The liability is allocated to each fund as follows:

Administration - general	14,619
Cemetery	3,502
Fire	6,823
Municipal Court	3,031
Parks and recreation	8,895
Police	14,897
Street	714
Total	<u>52,481</u>

Certificates of Participation

On June 3, 2015, the City authorized the issuance of \$2,450,000 Certificates of Participation, Series 2015 for the construction of the aquatic center. Per the debt issuance documents, interest payments are due semi-annually in March and September of each year at rates ranging from 0.85% to 3.00% over the term of the bond. Principal payments are due annually in March of each year with the last payment due March 1, 2024.

Year Ending March 31,	Principal	Interest	Certificates of Participation
2022	215,000	15,875	230,875
2023	180,000	10,500	190,500
2024	<u>185,000</u>	<u>5,550</u>	<u>190,550</u>
Total	<u>580,000</u>	<u>31,925</u>	<u>611,925</u>

Capital Leases

On April 18, 2018, the City entered into a lease-purchase agreement with Capital One Public Funding, LLC, to finance the purchase of needed capital assets and to satisfy debt refunding requirements. Based on the terms of the lease, this qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The cumulative amount of assets acquired under this lease agreement totaled \$1,600,000. Per the lease agreement, this lease bears an interest rate of 3.350% and requires semi-annual payments of principal and interest in March and September of each year through September 2028.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Capital Leases (Continued)

The future minimum lease payments are as follows:

Year Ending March 31,	Principal	Interest	Capital Lease
2022	155,000	42,126	197,126
2023	155,000	36,934	191,934
2024	165,000	31,658	196,658
2025	170,000	26,046	196,046
2026	180,000	20,268	200,268
Thereafter	470,000	24,036	494,036
Total	<u>1,295,000</u>	<u>181,068</u>	<u>1,476,068</u>

Business-Type Activities

Changes in the debt for the year ended March 31, 2021, consisted of the following:

	Balance April 1, 2020	Additions	Retirements	Balance March 31, 2021	Due in One Year
Revenue bonds	1,420,000		580,000	840,000	605,000
Compensated absences	<u>34,569</u>	<u>30,588</u>	<u>34,569</u>	<u>30,588</u>	<u>30,588</u>
	<u>1,454,569</u>	<u>30,588</u>	<u>614,569</u>	<u>870,588</u>	<u>635,588</u>

Compensated Absences

Compensated absences are payable upon separation from employment, which could occur at any time, and are, therefore, considerable payable within one year and are liquidated by the governmental fund responsible for generating the liability. Within the City's business-type fund, reported vacation benefits for the year ended March 31, 2021, totaled 30,588. The liability by department is detailed below:

Administration - utility	6,960
Electric	11,683
Water	9,839
Sewer	<u>2,106</u>
Total	<u>30,588</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Revenue Bonds

On November 1, 2001, the City authorized the issuance of Water Pollution Control Revenue Bonds (State Revolving Fund Program) Series 2001A and Series 2001B in the amount of \$3,000,000 and \$5,000,000, respectively. Both series of bonds require semi-annual interest payments due in January and July at a stated rate ranging from 3.000% to 5.375% over the term of repayment. Annual principal payments are due in July of each year with the final principal payment due July 1, 2022.

Future scheduled payments due for these bonds are as follows:

Year Ending March 31,	2001A		2001B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	220,000	17,250	385,000	9,625	605,000	26,875
2023	235,000	5,875			235,000	5,875
Total	<u>455,000</u>	<u>23,125</u>	<u>385,000</u>	<u>9,625</u>	<u>840,000</u>	<u>32,750</u>

Business-Type Bond Reserve Accounts

Under the terms of the Water Pollution Control Revenue Bonds (State Revolving Fund), both Series 2001A and Series 2001B require a corresponding debt service account in which the City is required to deposit funds sufficient to meet maturity dates of principal and interest. Additionally, after providing funds for current operations and debt service requirements, the City will deposit excess funds into a depreciation and replacement account specific to each bond until a set amount has been deposited. As of March 31, 2021, the City was in compliance with these requirements.

Rates and fees established and charged were sufficient to satisfy the bond covenant responsibilities for the utility funds for the year ended March 31, 2021.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. INTERFUND TRANSACTIONS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

	Transfers Out				Total
	Fire Protection Fund	Park Fund	Transportation Sales Tax Fund	Utility Fund	
Transfers In General Fund	10,000	131,000	150,000	303,616	594,616

NOTE 10. PENSION PLAN

Plan Description

The City of Butler, Missouri, contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multi-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS serves approximately 806 local participating employers. These participating employers include 314 cities, 60 counties, and 432 other public entities during the plan year ended June 30, 2020.

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system and one trustee is appointed by the governor. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

For the City's year ending March 31, 2021, the net pension asset is based on an actuarial valuation performed as of February 29, 2020, and a measurement date of June 30, 2020.

Benefits Provided

LAGERS provides retirement, death, and disability benefits to employees of participating political subdivisions. All benefits vest after 5 years of service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Benefits Provided (Continued)

allowance for life based upon the benefit program then in effect for their political subdivision. 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 fire) and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. 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.

At the date the actuarial valuation was performed, the City had 44 active employees, 18 inactive employees entitled to but not yet receiving benefits and 38 inactive employees (or their beneficiaries) who are currently receiving benefits.

Contributions

Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less.

Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local government. Should the governing body elect to participate in the contributory plan, all employees must contribute 4% of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

Actuarial Assumptions

The pension liability for the June 30, 2020, measurement date was determined using the following actuarial assumptions applied to the measurement:

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 14 to 23 years.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Asset valuation method	5-Year smoothed market; 20% corridor.
Inflation	3.25% wage inflation; 2.50% price inflation.
Salary increases	3.25% to 6.55% (7.15% for fire) including wage inflation.
Investment rate of return	7.25%, net of investment expenses.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	<p>The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.</p> <p>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.</p>
Other information	None.

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). The municipal bond rate is 2.45% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The resulting single discount rate is 7.25% for the General, Police, and Fire Divisions.



CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Discount Rate (Continued)

This rate considers the ability of the plan to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses, and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the preceding paragraph.

LAGERS has provided tables to the City that provide background for the development of the single discount rate. These tables are described as follows:

The Projection of Contributions table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The Projection of Plan Fiduciary Net Position table shows the development of expected asset levels in future years.

The Present Values of Projected Benefit Payments table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

Pension Liability Sensitivity

The following table presents the net pension asset (liability) for the City's proportionate share of the net pension asset (liability) as of June 30, 2020, calculated using the discount rate of 7.25% for the General, Police and Fire Divisions, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1.00% Decrease 6.25%	Current Rate 7.25%	1.00% Increase 8.25%
General	895,111	210,465	(356,921)
Police	117,950	(45,008)	(176,175)
Fire	(234,018)	(271,951)	(304,242)
	<u>779,043</u>	<u>(106,494)</u>	<u>(837,338)</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Assumed Asset Allocation

Activities undertaken by LAGERS Investment Team include setting and implementing investment strategies; appointing and dismissing investment managers; monitoring investment allocation, liquidity and performance; and ensuring safekeeping of assets.

To achieve the goal of a 7.25% long-term rate of return, LAGERS Investment Team sets an investment strategy which is devised after analyzing the long-term view of the market and consulting with LAGERS' Board of Trustees.

The assumed asset allocation is as follows:

Equities	35.0%
Fixed Income	31.0%
Real Assets/Returns	36.0%
Strategic	8.0%
Alpha**	15.0%
Cash*	10.0%
Leverage*	-35.0%

\*LAGERS targets 30% of the leveraged portfolio to be held in cash.

\*\* Alpha portfolio is based on a volatility adjusted exposure targeting 8% overall.

Deferred Outflows and Inflows of Resources

The balances of deferred outflows and inflows of resources to be recognized in future pension expense consists of the following:

Deferred Outflows of Resources

Differences between expected and actual experience	45,362
Net difference between projected and actual earnings on pension plan investments	179,365
Changes in assumptions	3,741
Employer contributions subsequent to the measurement date	152,537
	<u>381,005</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Deferred Inflows of Resources

Differences between expected and actual experience	(233,171)
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Net Deferred outflows (inflows) of resources	<u>147,834</u>
--	----------------

Net deferred outflows (inflows) of resources by year to be recognized in future pension expenses:

Year Ending	March 31,	Net deferred	outflows (inflows	of resources
2021				75,349
2022				(29,696)
2023				33,480
2024				74,017
2025				(3,065)
Thereafter				<u>(2,251)</u>
				<u>147,834</u>

Changes in Net Pension Liability

Total Pension Liability	
Service cost	157,072
Interest	472,753
Difference between expected and actual experience of the total pension liability	(269,398)
Benefit payments, including refunds of employee contributions	<u>(354,080)</u>
Net change in total pension liability	6,347
Total pension liability, beginning of year	<u>6,617,521</u>
Total pension liability, ending of year	<u>6,623,868</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Changes in Net Pension Liability (Continued)

Plan Fiduciary Net Position	
Contributions - employer	207,400
Net investment income	89,745
Benefit payments, including refunds of employee contributions	(354,080)
Pension plan administrative expense	(12,369)
Other	(158,572)
Net change in fiduciary net position	(227,876)
Plan fiduciary net position, beginning of year	6,958,238
Plan fiduciary net position, ending of year	6,730,362
Net Pension Asset	(106,494)

Pension Plan Fiduciary Net Position

Additional financial and actuarial information supporting the preparation of the schedule of changes in fiduciary net position is included in the System's Comprehensive Annual Financial Report for the year ended June 30, 2020. The Comprehensive Annual Financial Report can be obtained at [www.molagers.org](http://www.molagers.org) or from Missouri Local Area Government Employee Retirement System (LAGERS), PO Box 1665, Jefferson City, MO 65102.

NOTE 11. CONTINGENCIES

The City participates in certain federal and state-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

The City is exposed to various forms of loss from fire, explosion, or other hazards and manages risk through the purchase of commercial insurance other than the workers' compensation insurance.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

**NOTE 13. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

Employees may contribute up to 25% of their annual base salary to a maximum limit of \$17,500 per year. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Investments are managed by the plan's trustee, and the choice of the investment option(s) is made by the participants.

The City does not make a contribution for either full-time or part-time employees participating in the plan.

**NOTE 14. SUBSEQUENT EVENT**

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through August 17, 2021, the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BUTLER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED MARCH 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	2,282,836	2,282,836	2,166,199	(116,637)
License and permits	32,661	32,661	47,476	14,815
Intergovernmental revenue	155,063	155,063	645,930	490,867
Charges for services	297,044	297,044	76,378	(220,666)
Fees and fines	41,576	41,576	42,026	450
Investment earnings	4,709	4,709	4,524	(185)
Insurance proceeds	99,000	99,000	122,851	23,851
Sale of property	294,000	294,000	292,423	(1,577)
Other	45,032	45,032	31,500	(13,532)
Total revenues	<u>3,251,921</u>	<u>3,251,921</u>	<u>3,429,307</u>	<u>177,386</u>
<b>EXPENDITURES</b>				
General government	1,066,957	1,066,957	983,207	83,750
Police	959,767	959,767	928,421	31,346
Fire department	236,118	236,118	233,393	2,725
Street	298,644	298,644	266,609	32,035
Emergency management	11,888	11,888	8,004	3,884
Cemetery	118,828	118,828	120,894	(2,066)
Parks	287,528	287,528	232,959	54,569
Airport	41,000	41,000	195,493	(154,493)
Recreation and aquatics	171,025	171,025	90,252	80,773
Municipal court	60,166	60,166	65,598	(5,432)
Total expenditures	<u>3,251,921</u>	<u>3,251,921</u>	<u>3,124,830</u>	<u>127,091</u>
EXCESS OF REVENUES OVER EXPENDITURES			304,477	304,477
<b>OTHER FINANCING SOURCES</b>				
Transfers in			594,616	594,616
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES			<u>899,093</u>	<u>899,093</u>
FUND BALANCE, beginning of year			<u>727,241</u>	
FUND BALANCE, end of year			<u>1,626,334</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF BUTLER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION TAX FUND  
FOR THE YEAR ENDED MARCH 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	369,500	369,500	389,437	19,937
Interest	33		60	60
Other	<u>479,960</u>			
Total revenues	849,493	369,500	389,497	19,997
EXPENDITURES				
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>262,651</u>	<u>(62,651)</u>
EXCESS OF REVENUES OVER EXPENDITURES	649,493	169,500	126,846	(42,654)
OTHER FINANCING USES				
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	
REVENUES UNDER EXPENDITURES AND OTHER FINANCING USES	<u>499,493</u>	<u>19,500</u>	(23,154)	<u>(42,654)</u>
FUND BALANCE, beginning of year			<u>537,370</u>	
FUND BALANCE, end of year			<u>514,216</u>	

See accompanying notes to budgetary comparison schedules.



CITY OF BUTLER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
PARK AND STORM WATER FUND  
FOR THE YEAR ENDED MARCH 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	369,500	369,500	389,437	19,937
Interest	33	33	61	28
Other	<u>222,152</u>	<u>222,152</u>		<u>(222,152)</u>
Total revenues	<u>591,685</u>	<u>591,685</u>	<u>389,498</u>	<u>(202,187)</u>
EXPENDITURES				
Debt service				
Principal	217,750	217,750	221,075	(3,325)
Interest	<u>20,499</u>	<u>20,499</u>	<u>15,786</u>	<u>4,713</u>
Total expenditures	<u>238,249</u>	<u>238,249</u>	<u>236,861</u>	<u>1,388</u>
EXCESS OF REVENUES OVER EXPENDITURES	353,436	353,436	152,637	(200,799)
OTHER FINANCING USES				
Transfers out	<u>(131,000)</u>	<u>(131,000)</u>	<u>(131,000)</u>	
REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>222,436</u>	<u>222,436</u>	21,637	<u>(200,799)</u>
FUND BALANCE, beginning of year			<u>279,679</u>	
FUND BALANCE, end of year			<u>301,316</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF BUTLER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
AIRPORT FUND  
FOR THE YEAR ENDED MARCH 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	25,600	25,600	28,321	2,721
Other			<u>2,971</u>	<u>2,971</u>
Total revenues	<u>25,600</u>	<u>25,600</u>	<u>31,292</u>	<u>5,692</u>
EXPENDITURES				
Airport	<u>17,350</u>	<u>17,350</u>	<u>11,862</u>	<u>5,488</u>
Capital outlay				
Total expenditures	<u>17,350</u>	<u>17,350</u>	<u>11,862</u>	<u>5,488</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>8,250</u>	<u>8,250</u>	19,430	<u>11,180</u>
OTHER FINANCING USES				
Transfers out				
REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>8,250</u>	<u>8,250</u>	19,430	<u>11,180</u>
FUND BALANCE, beginning of year			<u>68,819</u>	
FUND BALANCE, end of year			<u>88,249</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF BUTLER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED MARCH 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	369,500	369,500	389,127	19,627
Interest			179	179
Other	<u>158,233</u>	<u>158,233</u>		(158,233)
Total revenues	<u>527,733</u>	<u>527,733</u>	<u>389,306</u>	<u>(138,427)</u>
EXPENDITURES				
Debt service				
Principal	250,600	250,600	258,925	(8,325)
Interest	60,575	60,575	56,163	4,412
Capital outlay	<u>458,300</u>	<u>458,300</u>	<u>194,459</u>	<u>263,841</u>
Total expenditures	<u>769,475</u>	<u>769,475</u>	<u>509,547</u>	<u>259,928</u>
DEFICIT OF REVENUES UNDER EXPENDITURES	<u>(241,742)</u>	<u>(241,742)</u>	<u>(120,241)</u>	<u>121,501</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	400,000	400,000		(400,000)
Transfers out				
Total other financing sources (uses)	<u>400,000</u>	<u>400,000</u>		<u>(400,000)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>158,258</u>	<u>158,258</u>	(120,241)	<u>(278,499)</u>
FUND BALANCE, beginning of year			<u>802,026</u>	
FUND BALANCE, end of year			<u>681,785</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF BUTLER, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
FIRE PROTECTION TAX FUND  
FOR THE YEAR ENDED MARCH 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales tax	92,375	92,375	96,280	3,905
Grants	400,000	400,000		(400,000)
Interest			40	40
Other	<u>126,930</u>	<u>126,930</u>	<u>          </u>	<u>(126,930)</u>
Total revenues	619,305	619,305	96,320	(522,985)
EXPENDITURES				
Capital outlay	<u>482,397</u>	<u>482,397</u>	<u>116,526</u>	<u>365,871</u>
DEFICIT OF REVENUES UNDER EXPENDITURES	136,908	136,908	(20,206)	(157,114)
OTHER FINANCING USES				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>          </u>
REVENUES UNDER EXPENDITURES AND OTHER FINANCING USES	<u>126,908</u>	<u>126,908</u>	(30,206)	<u>(157,114)</u>
FUND BALANCE, beginning of year			<u>141,273</u>	
FUND BALANCE, end of year			<u>111,067</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF BUTLER, MISSOURI  
NOTE TO BUDGETARY COMPARISON SCHEDULES

NOTE 1. BUDGETARY INFORMATION

Budgets for the City are prepared and adopted on the same basis of accounting as the fund financial statements. The City performs the following procedures in establishing the budget:

The Budget Committee submits to the Board of Aldermen a proposed budget for the following fiscal year.

Prior to the beginning of the next fiscal year, the budget is legally enacted through the passage of an ordinance.

Any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. The fund level constitutes the City's legal level of budgetary control. Reported budgeted amounts are as originally adopted and amended by resolution.

Appropriations lapse at fiscal year end, but may be reappropriated in the following fiscal year.

Budgets are prepared on the modified accrual basis of accounting which corresponds with the governmental fund financial statements.

Actual expenditures may not legally exceed the budgeted fund without approval from the Board of Aldermen. Capital outlay expenses in the Transportation Tax Fund were approved by the Board of Aldermen.

CITY OF BUTLER, MISSOURI  
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
FOR THE YEAR ENDED MARCH 31, 2021

Fiscal Year Ending	Actuarially Determined Contribution (a)	Contribution in Relation (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
3/31/12	114,585	110,533	4,052	1,815,267	6.09%
3/31/13	112,277	112,277		1,738,145	6.46%
3/31/14	112,265	110,825	1,440	1,736,140	6.38%
3/31/15	163,498	163,499	(1)	1,648,484	9.92%
3/31/16	216,935	216,935		1,698,989	12.77%
3/31/17	208,731	208,731		1,766,038	11.82%
3/31/18	209,996	209,996		1,782,001	11.78%
3/31/19	204,697	202,664	2,033	1,780,556	11.38%
3/31/20	204,781	204,781		1,790,942	11.43%
3/31/21	202,459	202,459		1,848,797	10.95%

CITY OF BUTLER, MISSOURI  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
YEAR ENDED MARCH 31, 2021

	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Net pension liability (asset) - beginning	(566,659)	(66,611)	257,771	(1,471)	(289,206)	(340,717)
Service cost	142,131	154,178	157,499	157,878	157,970	157,072
Interest on total pension liability	339,897	373,501	394,459	420,297	452,017	472,753
Current period benefit changes	473,696					
Difference between expected and actual experience of the total pension liability	(276,981)	(173,541)	55,585	86,989	(32,940)	(269,398)
Changes in assumptions		165,509				
Contributions - employer	(176,141)	(214,126)	(219,128)	(206,934)	(204,475)	(207,400)
Net investment (income) loss	(99,053)	18,120	(629,515)	(738,758)	(419,227)	(89,745)
Pension plan administrative expense	7,829	6,813	7,079	7,427	10,382	12,369
Other	88,670	(6,072)	(25,221)	(14,634)	(15,238)	158,572
Net pension liability (asset) - ending	<u>(66,611)</u>	<u>257,771</u>	<u>(1,471)</u>	<u>(289,206)</u>	<u>(340,717)</u>	<u>(106,494) *</u>

Schedule is to be provided prospectively beginning with the fiscal year ending March 31, 2015.

\* For further analysis of the Changes in Net Pension Liability see the disclosure in Note 10 to the financial statements.

Fiduciary net position as a percentage of the total pension liability	101.29%	95.31%	100.03%	104.61%	105.15%	107.22%
Covered payroll	1,641,627	1,708,840	1,729,699	1,733,482	1,790,945	1,691,441
Net pension liability (asset) as a percentage of covered payroll	-4.06%	15.08%	-0.09%	-16.68%	-19.02%	-6.30%



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and Board of Aldermen  
City of Butler, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Butler, Missouri, which comprise the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of and for the year ended March 31, 2021, and have issued our report thereon dated August 17, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Butler, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency as item 2021-001.



## Compliance and Other Matters

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

## City of Butler, Missouri's Response to Findings

The City of Butler, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Butler, Missouri's response was not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

## Purpose of this Report

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

Dana F Cole + Company, LLP

Overland Park, Kansas  
August 17, 2021

CITY OF BUTLER, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED MARCH 31, 2021

2021-001 RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition

Management should possess the ability to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors.

Cause

City personnel do not obtain the expertise necessary to provide the auditors with a trial balance adjusted in accordance with accounting principles generally accepted in the United States of America and to draft the year end financial statements, supplementary information, and notes to the financial statements.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries and the adequacy of financial statement disclosures prepared by the auditors and apply analytic procedures to the draft financial statements to ensure that all assets and liabilities of the City are recorded, among other procedures as considered necessary by management.

Views of Responsible Officials and Corrective Action Plan

The City relies on the auditor to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and approves all adjustments.

CITY OF BUTLER, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES  
YEAR ENDED MARCH 31, 2021

2020-001 RELIANCE UPON THE AUDITOR

Management should possess the ability to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. We recommended that the City review and approve the proposed auditor adjusting entries and the adequacy of financial statement disclosures prepared by the auditors and apply analytic procedures to the draft financial statements to ensure that all assets and liabilities of the City are recorded, among other procedures as considered necessary by management. This is a continued finding as disclosed in Item 2021-001 in the Schedule of Findings and Responses.