

CITY OF BUTLER, MISSOURI

FINANCIAL STATEMENTS

MARCH 31, 2022

**CITY OF BUTLER, MISSOURI**  
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## INDEPENDENT AUDITORS' REPORT

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Butler, Missouri, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Butler, Missouri, as of March 31, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amount and disclosures in the financial statements..

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Butler, Missouri's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Butler, Missouri's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require 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 September 20, 2022, 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.

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Overland Park, Kansas  
September 20, 2022

CITY OF BUTLER, MISSOURI  
STATEMENT OF NET POSITION  
MARCH 31, 2022

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents	1,794,119	281,624	2,075,743
Cash and cash equivalents - restricted	2,222,165	436,612	2,658,777
Receivables			
Taxes	590,360		590,360
Accounts	12,375	776,479	788,854
Other		24,304	24,304
Inventory	28,082	623,806	651,888
Net pension asset	929,213	889,122	1,818,335
Capital assets			
Land	670,077	119,145	789,222
Furniture and equipment	315,455	4,832,485	5,147,940
Buildings and land improvements	4,289,450	1,580,857	5,870,307
Heavy equipment	2,280,303	790,434	3,070,737
Vehicles	1,814,696	579,214	2,393,910
Infrastructure	5,763,393	17,249,535	23,012,928
Accumulated depreciation	<u>(7,195,471)</u>	<u>(16,952,035)</u>	<u>(24,147,506)</u>
<b>TOTAL ASSETS</b>	<u>13,514,217</u>	<u>11,231,582</u>	<u>24,745,799</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension - related amounts	87,368	85,854	173,222
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u>13,601,585</u>	<u>11,317,436</u>	<u>24,919,021</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	208,071	501,022	709,093
Accrued expenses		5,121	5,121
Salaries and benefits payable	59,632	78,515	138,147
Customer deposits		201,612	201,612
Other liabilities	16,527		16,527
Total current liabilities	<u>284,230</u>	<u>786,270</u>	<u>1,070,500</u>

CITY OF BUTLER, MISSOURI  
STATEMENT OF NET POSITION  
MARCH 31, 2022

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES (Continued)</b>			
Long-term liabilities			
Due within one year:			
Long-term debt	404,318	235,000	639,318
Accrued interest	3,994	2,893	6,887
Long-term debt, net of current portion	<u>1,244,272</u>		<u>1,244,272</u>
Total long-term liabilities	<u>1,652,584</u>	<u>237,893</u>	<u>1,890,477</u>
<b>TOTAL LIABILITIES</b>	<u>1,936,814</u>	<u>1,024,163</u>	<u>2,960,977</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension - related amounts	<u>535,981</u>	<u>789,393</u>	<u>1,325,374</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>2,472,795</u>	<u>1,813,556</u>	<u>4,286,351</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,336,621	8,853,757	15,190,378
Restricted:			
Cemetery	314,449		314,449
Debt service		235,000	235,000
Capital outlay	586,361		586,361
Fire protection	136,303		136,303
Police	18,345		18,345
Other	2,724		2,724
Parks and recreation	472,322		472,322
Street	470,163		470,163
Federal grants	322,323		322,323
Unrestricted	<u>2,469,179</u>	<u>415,123</u>	<u>2,884,302</u>
<b>TOTAL NET POSITION</b>	<u>11,128,790</u>	<u>9,503,880</u>	<u>20,632,670</u>

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2022

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities		Total
Primary government						
Governmental activities						
General government						
Police	718,104	244,144	407,358	(66,602)		
Fire department	813,631	42,928	500	(770,203)		
Street	367,446		8,328	(359,118)		
Emergency management	467,782			(467,782)		
Cemetery	9,477		17,510	8,033		
Parks	145,043			(145,043)		
Recreation and aquatics	308,796			(308,796)		
Municipal court	172,131			(172,131)		
Airport	57,598			(57,598)		
Interest on long-term debt	111,770		64,115	(47,655)		
Total governmental activities	3,231,506	287,072	497,811	(59,728)		
Business-type activities						
Water, sewer, electric, and trash	6,651,779	7,066,893			415,114	
Total primary government	9,883,285	7,353,965	497,811	(2,446,623)	415,114	
General revenues					(2,031,509)	
Taxes						
Sales taxes					2,977,001	
Property taxes, levied for general purposes					312,046	
Property taxes, levied for specific purposes					16,069	
Franchise taxes					147,209	
Fuel and vehicle taxes					185,162	
Investment earnings					7,097	
Miscellaneous					50,589	
Gain on sale of assets					56,200	
Total general revenues					3,751,373	
Transfers in (out)					79,561	
CHANGE IN NET POSITION					3,830,934	
NET POSITION, beginning of year						
NET POSITION, end of year						

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2022

	General Fund	Transportation Tax Fund	Park Fund	Airport Fund	Capital Projects Fund	Fire Protection Fund	Total
<b>ASSETS</b>							
Pooled cash and cash equivalents							
Cash and cash equivalents - restricted	1,609,086	404,463	453,454	106,863	78,170	110,943	1,794,119
Receivables	666,944			586,361			2,222,165
Taxes	376,835	65,700	65,700		65,700	16,425	590,360
Accounts	12,375						12,375
Inventory	28,082						28,082
<b>TOTAL ASSETS</b>	<b>2,693,322</b>	<b>470,163</b>	<b>519,154</b>	<b>106,863</b>	<b>730,231</b>	<b>127,368</b>	<b>4,647,101</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	159,541		47,000	1,530			208,071
Salaries and benefits payable	59,632						59,632
Deferred property taxes	16,527						16,527
<b>Total liabilities</b>	<b>235,700</b>	<b>—</b>	<b>47,000</b>	<b>1,530</b>	<b>—</b>	<b>—</b>	<b>284,230</b>
<b>FUND BALANCES</b>							
Nonspendable							
Inventories	28,082						28,082
Cemetery perpetual care	303,073						303,073
Restricted							
Cemetery	11,376		472,154				11,376
Parks and recreation	168						472,322
Capital outlay							586,361
Fire protection							136,303
Police	8,935						18,345
Other	18,345						2,724
Street	2,724						470,163
Federal grants	322,323		470,163				322,323
Assigned							
Capital outlay							
Cemetery	71,139						71,139
Airport							105,333
Unassigned	1,691,457		470,163		472,154	105,333	1,691,457
Total fund balances	2,457,622						4,362,871
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>2,693,322</b>	<b>470,163</b>	<b>519,154</b>	<b>106,863</b>	<b>730,231</b>	<b>127,368</b>	<b>4,647,101</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, 2022

Total fund balance - total governmental funds	4,362,871
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,937,903
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,605,276)
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	929,213
Deferred outflows of resources to be recognized in future pension expense	87,368
Deferred inflows of resources to be recognized in future pension expense	(535,981)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(47,308)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>11,128,790</u></b>

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, 2022

	General Fund	Transportation Tax Fund	Park Fund	Airport Fund	Capital Projects Fund	Fire Protection Fund	Total
<b>REVENUES</b>							
Property taxes	328,115						328,115
Sales tax	1,641,942	410,967	410,967		410,385	102,741	2,977,002
Franchise tax	147,209						147,209
Fuel and vehicle tax	185,162						185,162
Licenses and permits	41,817						41,817
Intergovernmental revenue	497,810						497,810
Charges for services	173,993				28,334		202,327
Fees and fines	42,928						42,928
Investment earnings	6,895	76	75			51	7,097
Sale of property	56,200						56,200
Other	50,489						50,589
<b>Total revenues</b>	<b><u>3,172,560</u></b>	<b><u>411,043</u></b>	<b><u>411,042</u></b>	<b><u>100</u></b>	<b><u>410,385</u></b>	<b><u>102,792</u></b>	<b><u>4,536,256</u></b>
<b>EXPENDITURES</b>							
Current							
General government	705,686					13,315	719,001
Police	888,486						888,486
Fire department	237,550						278,530
Street	308,547						309,111
Emergency management	9,477						9,477
Cemetery	152,465						152,465
Parks	251,069						251,069
Recreation and aquatics	172,131						172,131
Municipal court	57,598						57,598
Airport							11,350
Capital outlay							697,078
Debt service							
Principal							
Interest and other charges							
<b>Total expenditures</b>	<b><u>2,884,662</u></b>	<b><u>380,096</u></b>	<b><u>165,204</u></b>	<b><u>11,350</u></b>	<b><u>469,209</u></b>	<b><u>76,491</u></b>	<b><u>3,987,012</u></b>

CITY OF BUTLER, MISSOURI  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED MARCH 31, 2022

	General Fund	Transportation Tax Fund	Park Fund	Airport Fund	Capital Projects Fund	Fire Protection Fund	Total
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>287,898</b>	<b>30,947</b>	<b>245,838</b>	<b>17,084</b>	<b>(58,824)</b>	<b>26,301</b>	<b>549,244</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from loan term debt							
Transfers in	385,000		(75,000)	(75,000)			
Transfers out							
<b>Total other financing sources (uses)</b>	<b>385,000</b>	<b>(75,000)</b>	<b>(75,000)</b>	<b>—</b>	<b>—</b>	<b>(10,000)</b>	<b>332,270</b>
<b>REVENUES AND OTHER FINANCING SOURCES (OVER) UNDER EXPENDITURES AND OTHER FINANCING USES</b>							
FUND BALANCE, beginning of year	<u>1,784,724</u>	<u>514,216</u>	<u>301,316</u>	<u>88,249</u>	<u>681,785</u>	<u>111,067</u>	<u>3,481,357</u>
FUND BALANCE, end of year	<u>2,457,622</u>	<u>470,163</u>	<u>472,154</u>	<u>105,333</u>	<u>730,231</u>	<u>127,368</u>	<u>4,362,871</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, 2022

Net change in fund balances - total governmental funds	881,514
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	697,078
Depreciation	<u>(600,144)</u>
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 issuance	(107,270)
Long-term debt payments	<u>380,988</u>
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 payments exceeded pension expense.	
	272,411
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.	
	<u>5,173</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>1,529,750</u></b>

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 MARCH 31, 2022

**ASSETS**

Current assets	
Pooled cash and cash equivalents	281,624
Cash and cash equivalents - restricted	436,612
Receivables	
Billed	516,787
Unbilled	259,692
Other	24,304
Inventories	623,806
Total current assets	<u>2,142,825</u>
Noncurrent assets	
Net pension asset	889,122
Capital assets	
Land and improvements	119,145
Infrastructure	17,249,535
Buildings	1,580,857
Equipment and furniture	6,202,133
Less accumulated depreciation	(16,952,035)
Total noncurrent assets	<u>9,088,757</u>
<b>TOTAL ASSETS</b>	<u>11,231,582</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Resources to be recognized in future pension expense due to assets	<u>85,854</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>11,317,436</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	501,022
Salaries and benefits payable	78,515
Accrued interest expenses	2,893
Meter deposits	201,612
Other payables	5,121
Current portion of long-term obligations	235,000
Total current liabilities	<u>1,024,163</u>
<b>TOTAL LIABILITIES</b>	<u>1,024,163</u>

CITY OF BUTLER, MISSOURI  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
MARCH 31, 2022

DEFERRED INFLOWS OF RESOURCES

Resources to be recognized in future  
pension expense due to liabilities

---

789,393

TOTAL LIABILITIES AND DEFERRED INFLOWS  
OF RESOURCES

---

1,813,556

NET POSITION

Net investment in capital assets 8,853,757  
Restricted for debt service 235,000  
Unrestricted 415,123

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TOTAL NET POSITION 9,503,880

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, 2022

REVENUES	
Charges for services	7,066,893
Rental income	16,890
Miscellaneous income	51,090
Total revenues	<u>7,134,873</u>
EXPENSES	
Personnel services	1,115,120
Contractual services	3,884,082
Materials and supplies	153,669
Maintenance and repairs	418,715
Insurance	101,495
Utilities	247,364
Depreciation and amortization	619,718
Administration	109,051
Total expenses	<u>6,649,214</u>
OPERATING INCOME	<u>485,659</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	11,581
Interest expense	(2,565)
Total nonoperating revenues (expenses)	<u>9,016</u>
INCOME BEFORE TRANSFERS	<u>494,675</u>
TRANSFERS	
Transfers out	<u>(225,000)</u>
CHANGE IN NET POSITION	269,675
NET POSITION, beginning of year	<u>9,234,205</u>
NET POSITION, end of year	<u>9,503,880</u>

See accompanying notes to basic financial statements.

CITY OF BUTLER, MISSOURI  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED MARCH 31, 2022

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and others	7,154,145
Cash payments to suppliers for goods and services	(4,856,153)
Cash payments for employee services and benefits	<u>(1,237,261)</u>
Net cash provided by operating activities	<u>1,060,731</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Net transfers out	<u>(225,000)</u>
Net cash used in noncapital financing activities	<u>(225,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Cash received from interest	<u>11,581</u>
Net cash provided by investing activities	<u>11,581</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash paid for purchase of capital assets	(64,550)
Cash paid for principal of long-term debt	(605,000)
Cash paid for interest on long-term debt	<u>(13,797)</u>
Net cash used in capital and related financing activities	<u>(683,347)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>163,965</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b><u>554,271</u></b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>718,236</u></b>
<b>AS SHOWN ON THE STATEMENT OF NET POSITION:</b>	
Cash and cash equivalents - unrestricted	281,624
Cash and cash equivalents - restricted	436,612
	<u><b>718,236</b></u>

CITY OF BUTLER, MISSOURI  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED MARCH 31, 2022

Reconciliation of Operating Income to Net  
Cash Provided By Operating Activities

Operating Income	<u>485,659</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expenses	619,718
(Increase) decrease in the following assets:	
Receivables	21,017
Inventories	(27,581)
Increase (decrease) in the following liabilities:	
Accounts payable	97,036
Accrued liabilities	17,303
Meter deposits	(1,745)
Net pension liability and related deferred outflows and inflows of resources	(139,444)
Total adjustments	<u>575,072</u>
Net cash provided by operating activities	<u>1,060,731</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 Fund - This fund accounts for revenues received from the City 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)

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, 2022, 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, 2022. 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, 2022, the required deposits had been met.

The City's user charge ordinance established certain deposit requirements for depreciation and replacement funds. At March 31, 2022, 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, 2022:

	Transportation			Capital	Fire	Utility	
	General Fund	Tax Fund	Park Fund	Projects Fund	Protection Fund	Utility Fund	Total
Federal grants	322,323						322,323
Parks and rec	168		472,154				472,322
Fire	8,935				127,368		136,303
Police	18,345						18,345
Cemetery	314,449						314,449
Other	2,724						2,724
Capital outlay				586,361			586,361
Street		470,163					470,163
Customer deposits					201,612		201,612
Debt service					235,000		235,000
	<u>666,944</u>	<u>470,163</u>	<u>472,154</u>	<u>586,361</u>	<u>127,368</u>	<u>436,612</u>	<u>2,759,602</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 2021, were as follows:

Real estate	35,325,958
Personal property	9,154,059
Total	<u>44,480,017</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2021 was as follows:

General revenue	0.6105
Lake	0.0124
Parks and recreation	0.0286
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, 2022, the carrying amount of the City's cash on hand, demand deposits, and certificates of deposit in financial institutions 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, 2022, 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. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2022, was as follows:

	Balance April 1, 2021	Increases	Decreases	Balance March 31, 2022
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	<u>670,077</u>	_____	_____	<u>670,077</u>
Total capital assets, not being depreciated	<u>670,077</u>	_____	_____	<u>670,077</u>
Capital assets, being depreciated				
Furniture and equipment	242,343	73,112	_____	315,455
Buildings and land improvements	4,253,606	35,844	_____	4,289,450
Heavy equipment	2,137,522	142,781	_____	2,280,303
Vehicles	1,814,696	_____	_____	1,814,696
Infrastructure	5,318,052	445,341	_____	5,763,393
Total capital assets, being depreciated	<u>13,766,219</u>	<u>697,078</u>	_____	<u>14,463,297</u>
Less accumulated depreciation for:				
Furniture and equipment	122,322	24,634	_____	146,956
Buildings and land improvements	1,889,165	83,184	_____	1,972,349
Heavy equipment	1,434,583	80,034	_____	1,514,617
Vehicles	919,759	167,594	_____	1,087,353
Infrastructure	2,229,498	244,698	_____	2,474,196
Total accumulated depreciation	<u>6,595,327</u>	<u>600,144</u>	_____	<u>7,195,471</u>
Governmental activities capital assets, net	<u>7,840,969</u>	<u>96,934</u>	_____	<u>7,937,903</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

	Balance April 1, 2021	Increases	Decreases	Balance March 31, 2022
<u><b>Business-Type Activities</b></u>				
Capital assets, not being depreciated				
Land	<u>119,145</u>	_____	_____	<u>119,145</u>
Capital assets, being depreciated				
Furniture and equipment	4,815,712	16,773	_____	4,832,485
Buildings and land improvements	1,580,857	_____	_____	1,580,857
Heavy equipment	790,434	_____	_____	790,434
Vehicles	579,214	_____	_____	579,214
Infrastructure	<u>17,201,758</u>	<u>47,777</u>	_____	<u>17,249,535</u>
Total capital assets, being depreciated	<u>24,967,975</u>	<u>64,550</u>	_____	<u>25,032,525</u>
Less accumulated depreciation for:				
Furniture and equipment	3,978,346	195,329	_____	4,173,675
Buildings and land improvements	1,183,169	25,982	_____	1,209,151
Heavy equipment	478,544	33,547	_____	512,091
Vehicles	412,756	34,574	_____	447,330
Infrastructure	<u>10,279,502</u>	<u>330,286</u>	_____	<u>10,609,788</u>
Total accumulated depreciation	<u>16,332,317</u>	<u>619,718</u>	_____	<u>16,952,035</u>
Business-type activities capital assets, net	<u>8,754,803</u>	<u>(555,168)</u>	_____	<u>8,199,635</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

The following table summarizes the depreciation by function for the year ended March 31, 2022:

	Governmental Activities	Business-Type Activities
Administration	41,630	
Airport	100,420	
Cemetery	3,009	
Fire	134,247	
Parks and recreation	74,888	
Police	75,367	
Streets	170,583	
Electric		153,059
Sewer		159,112
Water		307,547
 Total	 <u>600,144</u>	 <u>619,718</u>

NOTE 7. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended March 31, 2022, consisted of the following:

	Balance April 1, 2021	Additions	Retirements	Balance March 31, 2022	Due in One Year
Certificates of participation	580,000		215,000	365,000	180,000
Direct Borrowing - Capital leases	1,295,000	107,270	165,988	1,236,282	177,010
Compensated absences	52,481	47,308	52,481	47,308	47,308
	<u>1,927,481</u>	<u>154,578</u>	<u>433,469</u>	<u>1,648,590</u>	<u>404,318</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 7. LONG-TERM DEBT (Continued)

Compensated Absences (Continued)

The liability is allocated to each fund as follows:

Administration - general	8,669
Cemetery	3,979
Fire	7,156
Municipal Court	2,540
Parks and recreation	10,106
Police	12,643
Street	2,215
<b>Total</b>	<b><u>47,308</u></b>

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,	Certificates of Participation		
	Principal	Interest	Participation
2023	180,000	10,500	190,500
2024	185,000	5,550	190,550
<b>Total</b>	<b><u>365,000</u></b>	<b><u>16,050</u></b>	<b><u>381,050</u></b>

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>

During the year ended March 31, 2022, the City entered into a lease-purchase agreement with Citizens Bank, to finance the purchase of an excavator. 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 \$107,270. Per the lease agreement, this lease bears an interest rate factor and requires semi-annual payments of principal and interest in December and June of each year through June 2026.

The future minimum lease payments are as follows:

Year Ending March 31,	Principal	Interest	Capital Lease
2023	22,010	189	22,199
2024	22,056	143	22,199
2025	22,102	97	22,199
2026	22,148	51	22,199
2027	7,967	7	7,974
Total	<u>96,283</u>	<u>487</u>	<u>96,770</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Business-Type Activities

Changes in the debt for the year ended March 31, 2022, consisted of the following:

	Balance April 1, 2021	Additions	Retirements	Balance March 31, 2022	Due in One Year
Revenue bonds	840,000		605,000	235,000	235,000
Compensated absences	30,588	36,836	30,588	36,836	36,836
	<u>870,588</u>	<u>36,836</u>	<u>635,588</u>	<u>271,836</u>	<u>271,836</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, 2022, totaled 30,588. The liability by department is detailed below:

Administration - utility	8,184
Electric	11,225
Water	15,124
Sewer	2,303
Total	<u>36,836</u>

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. Series 2001B was paid in full during the year ending March 31, 2022.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Future scheduled payments due for these bonds are as follows:

Year Ending March 31,	2001A	
	Principal	Interest
2023	<u>235,000</u>	<u>5,875</u>

Business-Type Bond Reserve Accounts

Under the terms of the Water Pollution Control Revenue Bonds (State Revolving Fund), Series 2001A requires 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 the bond until a set amount has been deposited. As of March 31, 2022, 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, 2022.

NOTE 8. 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				
	Fire Protection Fund	Park Fund	Transportation Sales Tax Fund	Utility Fund	Total
Transfers In General Fund	10,000	75,000	75,000	225,000	385,000

NOTE 9. 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 836 local participating employers. These participating employers include 324 cities, 60 counties, and 452 other public entities during the plan year ended June 30, 2021.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

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, 2022, the net pension asset is based on an actuarial valuation performed as of February 28, 2021, and a measurement date of June 30, 2021.

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 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 49 active employees, 19 inactive employees entitled to but not yet receiving benefits and 36 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.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Actuarial Assumptions

The pension liability for the June 30, 2021, 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 13 to 22 years.
Asset valuation method	5-Year smoothed market; 20% corridor.
Inflation	2.75% wage inflation; 2.25% price inflation.
Salary increases	2.75% to 6.75% for general, 6.55% for police, and 7.15% for fire, including wage inflation.
Investment rate of return	7.00%, net of investment expenses.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other information	None.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

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 expected rate of return on pension investments is 7.00%; the municipal bond rate is 1.922% (based on the weekly rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity; and the resulting single discount rate is 7.00% for the General, Police, and Fire Divisions.

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, 2021, 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:

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Pension Liability Sensitivity (Continued)

	1.00% Decrease 6.00%	Current Rate 7.00%	1.00% Increase 8.00%
General	(343,569)	(1,009,989)	(1,564,315)
Police	(217,327)	(377,166)	(506,563)
Fire	(394,877)	(431,180)	(462,230)
	<u>(955,773)</u>	<u>(1,818,335)</u>	<u>(2,533,108)</u>

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 7.00% 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	24.6%
Fixed Income	28.0%
Real Assets/Returns	32.1%
Strategic	7.2%
Alpha*	8.1%

\* 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:

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Deferred Outflows of Resources

Differences between expected and actual experience	24,040
Employer contributions subsequent to the measurement date	<u>149,182</u>
	<u>173,222</u>

Deferred Inflows of Resources

Differences between expected and actual experience	(333,070)
Net difference between projected and actual earnings on pension plan investments	(910,952)
Changes in assumptions	<u>(81,352)</u>
	<u>(1,325,374)</u>
Net Deferred outflows (inflows) of resources	<u>(1,152,152)</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
2022	(251,732)
2023	(337,738)
2024	(269,204)
2025	(285,195)
2026	(6,391)
Thereafter	<u>(1,892)</u>
	<u>(1,152,152)</u>

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

Changes in Net Pension Liability

Total Pension Liability	
Service cost	158,979
Interest	474,030
Difference between expected and actual experience of the total pension liability	(244,701)
Changes in assumptions	(110,378)
Benefit payments, including refunds of employee contributions	(333,067)
Net change in total pension liability	(55,137)
Total pension liability, beginning of year	<u>6,623,868</u>
Total pension liability, ending of year	<u>6,568,731</u>
Plan Fiduciary Net Position	
Contributions - employer	205,403
Contributions - employee	9,260
Net investment income	1,870,302
Benefit payments, including refunds of employee contributions	(333,067)
Pension plan administrative expense	(9,347)
Other	(85,847)
Net change in fiduciary net position	1,656,704
Plan fiduciary net position, beginning of year	<u>6,730,362</u>
Plan fiduciary net position, ending of year	<u>8,387,066</u>
Net Pension Asset	<u>(1,818,335)</u>

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, 2021. 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 10. 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.

CITY OF BUTLER, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS

**NOTE 11. 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.

**NOTE 12. 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 13. SUBSEQUENT EVENT**

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through September 20, 2022, 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, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	2,490,750	2,490,750	2,302,428	(188,322)
License and permits	37,475	37,475	41,817	4,342
Intergovernmental revenue	330,000	330,000	497,810	167,810
Charges for services	232,150	232,150	173,993	(58,157)
Fees and fines	32,400	32,400	42,928	10,528
Investment earnings	3,600	3,600	6,895	3,295
Sale of property	200,000	200,000	56,200	(143,800)
Other	31,300	31,300	50,489	19,189
Total revenues	<u>3,357,675</u>	<u>3,357,675</u>	<u>3,172,560</u>	<u>(185,115)</u>
<b>EXPENDITURES</b>				
General government	861,710	861,710	728,280	133,430
Police	976,600	976,600	888,486	88,114
Fire department	242,175	242,175	237,550	4,625
Street	305,925	305,925	308,547	(2,622)
Emergency management	10,615	10,615	9,477	1,138
Cemetery	135,150	135,150	152,465	(17,315)
Parks	261,800	261,800	264,319	(2,519)
Airport	330,000	330,000	65,809	264,191
Recreation and aquatics	170,425	170,425	172,131	(1,706)
Municipal court	63,275	63,275	57,598	5,677
Total expenditures	<u>3,357,675</u>	<u>3,357,675</u>	<u>2,884,662</u>	<u>473,013</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			287,898	287,898
<b>OTHER FINANCING SOURCES</b>				
Transfers in	_____	_____	<u>385,000</u>	<u>385,000</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>			672,898	672,898
<b>FUND BALANCE, beginning of year</b>			<u>1,784,724</u>	
<b>FUND BALANCE, end of year</b>			<u>2,457,622</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF BUTLER, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 TRANSPORTATION TAX FUND  
 FOR THE YEAR ENDED MARCH 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	385,000	385,000	410,967	25,967
Interest			76	76
Other	500,000	500,000		(500,000)
<b>Total revenues</b>	<b>885,000</b>	<b>885,000</b>	<b>411,043</b>	<b>(473,957)</b>
<b>EXPENDITURES</b>				
Transportation			564	(564)
Capital outlay	310,204	310,204	379,532	(69,328)
<b>Total expenditures</b>	<b>310,204</b>	<b>310,204</b>	<b>380,096</b>	<b>(69,892)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>574,796</b>	<b>574,796</b>	<b>30,947</b>	<b>(543,849)</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(75,000)	(75,000)	(75,000)	
<b>REVENUES UNDER EXPENDITURES AND OTHER FINANCING USES</b>	<b>499,796</b>	<b>499,796</b>	<b>(44,053)</b>	<b>(543,849)</b>
<b>FUND BALANCE, beginning of year</b>			<b>514,216</b>	
<b>FUND BALANCE, end of year</b>			<b>470,163</b>	

See accompanying notes to budgetary comparison schedules.

CITY OF BUTLER, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 PARK FUND  
 FOR THE YEAR ENDED MARCH 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	385,000	385,000	410,967	25,967
Interest			75	75
Other	150,000	150,000		(150,000)
<b>Total revenues</b>	<b>535,000</b>	<b>535,000</b>	<b>411,042</b>	<b>(123,958)</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	219,750	219,750	109,400	110,350
Interest	19,850	19,850	8,804	11,046
Capital outlay	79,000	79,000	47,000	32,000
<b>Total expenditures</b>	<b>318,600</b>	<b>318,600</b>	<b>165,204</b>	<b>153,396</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>216,400</b>	<b>216,400</b>	<b>245,838</b>	<b>29,438</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(75,000)	(75,000)	(75,000)	
<b>REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>141,400</b>	<b>141,400</b>	<b>170,838</b>	<b>29,438</b>
<b>FUND BALANCE, beginning of year</b>			<b>301,316</b>	
<b>FUND BALANCE, end of year</b>			<b>472,154</b>	

See accompanying notes to budgetary comparison schedules.

CITY OF BUTLER, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 AIRPORT FUND  
 FOR THE YEAR ENDED MARCH 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Charges for services	26,000	26,000	28,334	2,334
Other	74,000	74,000	100	(73,900)
<b>Total revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>28,434</b>	<b>(71,566)</b>
<b>EXPENDITURES</b>				
Airport	52,885	52,885	11,350	41,535
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>47,115</b>	<b>47,115</b>	<b>17,084</b>	<b>(30,031)</b>
<b>FUND BALANCE, beginning of year</b>			<b>88,249</b>	
<b>FUND BALANCE, end of year</b>			<b>105,333</b>	

See accompanying notes to budgetary comparison schedules.

**CITY OF BUTLER, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED MARCH 31, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	385,000	385,000	410,385	25,385
Other	150,000	150,000		(150,000)
Total revenues	<u>535,000</u>	<u>535,000</u>	<u>410,385</u>	<u>(124,615)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	250,600	250,600	271,588	(20,988)
Interest	59,075	59,075	50,924	8,151
Capital outlay	106,000	106,000	133,382	(27,382)
Total expenditures	<u>415,675</u>	<u>415,675</u>	<u>469,209</u>	<u>(53,534)</u>
<b>DEFICIT OF REVENUES UNDER EXPENDITURES</b>	<u>119,325</u>	<u>119,325</u>	<u>(58,824)</u>	<u>(178,149)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term debt	400,000	400,000	107,270	(292,730)
Transfers out				
Total other financing sources (uses)	<u>400,000</u>	<u>400,000</u>	<u>107,270</u>	<u>(292,730)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>519,325</u>	<u>519,325</u>	<u>48,446</u>	<u>(470,879)</u>
<b>FUND BALANCE, beginning of year</b>			<u>681,785</u>	
<b>FUND BALANCE, end of year</b>			<u>730,231</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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Sales tax	93,000	93,000	102,741	9,741
Interest			51	51
Other	70,000	70,000		(70,000)
<b>Total revenues</b>	<b>163,000</b>	<b>163,000</b>	<b>102,792</b>	<b>(60,208)</b>
<b>EXPENDITURES</b>				
Fire department	35,000	35,000	40,980	(5,980)
Capital outlay	30,000	30,000	35,511	(5,511)
<b>Total expenditures</b>	<b>65,000</b>	<b>65,000</b>	<b>76,491</b>	<b>(11,491)</b>
<b>DEFICIT OF REVENUES UNDER EXPENDITURES</b>	<b>98,000</b>	<b>98,000</b>	<b>26,301</b>	<b>(71,699)</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(10,000)	(10,000)	(10,000)	
<b>REVENUES UNDER EXPENDITURES AND OTHER FINANCING USES</b>	<b>88,000</b>	<b>88,000</b>	<b>16,301</b>	<b>(71,699)</b>
<b>FUND BALANCE, beginning of year</b>				<b>111,067</b>
<b>FUND BALANCE, end of year</b>				<b>127,368</b>

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, Capital Projects Fund, and Fire Protection Fund were approved by the Board of Aldermen.

**CITY OF BUTLER, MISSOURI**  
**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

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)
3/31/13	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%
3/31/22	202,045	202,045		1,783,176	11.33%

**CITY OF BUTLER, MISSOURI**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**YEAR ENDED MARCH 31, 2022**

	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
<b>Net pension liability (asset) - beginning</b>	<b>(566,659)</b>	<b>(66,611)</b>	<b>257,771</b>	<b>(1,471)</b>	<b>(289,206)</b>	<b>(340,717)</b>	<b>(106,494)</b>
<b>Service cost</b>							
Interest on total pension liability	142,131	154,178	157,499	157,878	157,970	157,072	158,979
Current period benefit changes	339,897	373,501	394,459	420,297	452,017	472,753	474,030
<b>Difference between expected and actual experience of the total pension liability</b>	<b>(276,981)</b>	<b>(173,541)</b>	<b>55,585</b>	<b>86,989</b>	<b>(32,940)</b>	<b>(269,398)</b>	<b>(244,701)</b>
<b>Changes in assumptions</b>							
Contributions - employer	(176,141)	(214,126)	(219,128)	(206,934)	(204,475)	(207,400)	(110,378)
Contributions - employee							(205,403)
Net investment (income) loss	(99,053)	18,120	(629,515)	(738,758)	(419,227)	(89,745)	(9,260)
Pension plan administrative expense	7,829	6,813	7,079	7,427	10,382	12,369	9,347
Other	88,670	(6,072)	(25,221)	(14,634)	(15,238)	158,572	85,847
<b>Net pension liability (asset) - ending</b>	<b><u>(66,611)</u></b>	<b><u>257,771</u></b>	<b><u>(1,471)</u></b>	<b><u>(289,206)</u></b>	<b><u>(340,717)</u></b>	<b><u>(106,494)</u></b>	<b><u>(1,818,335)</u></b>

Schedule is to be provided prospectively beginning with the fiscal year ending March 31, 2016.

\* For further analysis of the Changes in Net Pension Liability see the disclosure in Note 9 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%	127.68%
Covered payroll	1,641,627	1,708,840	1,729,699	1,733,482	1,790,945	1,691,441	1,848,109
Net pension liability (asset) as a percentage of covered payroll	-4.06%	15.08%	-0.09%	-16.68%	-19.02%	-6.30%	-98.39%



**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, 2022, and have issued our report thereon dated September 20, 2022.

**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 2022-001.

## **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.

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Overland Park, Kansas  
September 20, 2022

CITY OF BUTLER, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED MARCH 31, 2022

2022-001 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, 2022

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.