

CITY OF BUTLER, MISSOURI

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
MARCH 31, 2012**

CITY OF BUTLER, MISSOURI

TABLE OF CONTENTS

INTRODUCTORY SECTION

PRINCIPAL OFFICIALS 1

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT..... 2

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Assets..... 4

Statement of Activities 5

Government Fund Financial Statements:

Balance Sheet..... 6

**Reconciliation of the Governmental Funds Balance Sheet to the Statement
of Net Assets 7**

Statement of Revenues, Expenditures, and Changes in Fund Balance 8

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 9**

Proprietary Fund Financial Statements:

Statement of Net Assets..... 10

Statement of Revenues, Expenses, and Changes in Fund Net Assets..... 11

Statement of Cash Flows 12

Notes to Financial Statements..... 13

REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN MD&A:

Missouri Local Government Employees Retirement System..... 37

Schedules of Revenues, Expenditures, and Changes in Fund Balance --

Actual and Budget -- Major Funds:

General Fund 38

Transportation Tax Fund..... 39

Parks and Storm Water Fund 40

Airport Fund 41

Fire Protection Tax Fund 42

SUPPLEMENTAL INFORMATION

Capital Projects Fund..... 43

CITY OF BUTLER, MISSOURI

Principal Officials

MAYOR/CITY COUNCIL

Don Malan..... **Mayor**
David Brown..... **Council Member**
Brian Phillips **Council Member**
Thom Burg **Council Member**
Pat Simons..... **Council Member**
Harold Weil **Council Member**
Terry Agnew..... **Council Member**
Brian Boyd **Council Member**
Doug Wix **Council Member**

ADMINISTRATION

Mark Arbuthnot **City Administrator**
Casey Koehn **City Clerk**

Independent Certified Public Accountants **Troutt, Beeman & Co., P.C.**

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the
City Council
City of Butler, Missouri

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 (the City), as of the year ended March 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 16 to the basic financial statements, items were noted which required restatement. As a result, net assets have been restated.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Butler, Missouri, as of March 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38 through 42 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 managements 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Butler, Missouri's basic financial statements. The budgetary schedule on page 43 is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The budgetary schedule is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to other auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 missing information, although not 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.

Loud, Gorman & Co., P.C.
Harrisonville, Missouri
June 22, 2012

**CITY OF BUTLER, MISSOURI
STATEMENT OF NET ASSETS
MARCH 31, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash and investments	\$ 1,014,560	\$ 461,809	\$ 1,476,369
Cash and investments-restricted	363,580	2,957,957	3,321,537
Taxes receivable, net	228,756	-	228,756
Internal balances	(284,027)	284,027	-
Accounts receivable	18,724	795,923	814,647
Deferred charges, net of amortization	75,780	75,806	151,586
Inventories	88,681	656,483	745,164
Prepaid expenses	8,297	5,532	13,829
Capital assets:			
Land	766,311	119,145	885,456
Construction in process	-	36,892	36,892
Buildings and land improvements	4,224,134	1,601,332	5,825,466
Furniture and equipment	14,026	4,613,679	4,627,705
Heavy equipment	1,344,400	366,595	1,710,995
Vehicles	375,466	312,425	687,891
Infrastructure	2,269,860	16,153,299	18,423,159
Less: accumulated depreciation	(3,427,281)	(10,571,617)	(13,998,898)
Total capital assets	<u>5,566,916</u>	<u>12,631,750</u>	<u>18,198,666</u>
Total assets	<u>7,081,267</u>	<u>17,869,287</u>	<u>24,950,554</u>
LIABILITIES			
Accounts payable and accrued expenses	96,960	89,136	186,096
Salaries and benefits payable	25,736	19,960	45,696
Deferred revenues	8,474	8,230	16,704
Liabilities payable from restricted assets	2,414	169,535	171,949
Bond costs, net of amortization	-	177,694	177,694
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	230,309	476,000	706,309
Compensated absences	51,489	31,355	82,844
Accrued interest	5,600	70,400	76,000
Due in more than one year,			
Bonds, capital leases, and contracts	<u>1,952,554</u>	<u>7,962,673</u>	<u>9,915,227</u>
Total liabilities	<u>2,373,536</u>	<u>9,004,983</u>	<u>11,378,519</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,459,833	6,723,266	10,183,099
Restricted for:			
Prepaid items	8,297	5,532	13,829
Cemetery perpetual care	347,552	-	347,552
Debt service	77,233	285,000	362,233
Capital projects	165,724	-	165,724
Parks and recreation	119,349	-	119,349
Street	328,589	-	328,589
Municipal court	1,585	-	1,585
Unrestricted	<u>199,569</u>	<u>1,850,506</u>	<u>2,050,075</u>
Total net assets	<u>\$ 4,707,731</u>	<u>\$ 8,864,304</u>	<u>\$ 13,572,035</u>

See accompanying notes.

**CITY OF BUTLER, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2012**

Functions/Programs Primary government:	Charges for		Program Revenue		Capital Grants and		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Services	Operating Grants and Contributions	Contributions	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Governmental activities:								
General government	\$ 484,957	\$ 16,432	\$ 42,892	\$ -	\$ (425,633)	\$ -	\$ (425,633)	\$ -
Municipal court	118,210	10,019	-	-	(108,191)	-	(108,191)	-
Airport	170,710	21,586	-	109,684	(39,440)	-	(39,440)	-
Police	942,989	118,141	-	-	(824,848)	-	(824,848)	-
Emergency management	6,039	-	3,762	-	(2,277)	-	(2,277)	-
Recreation and aquatics	163,379	77,171	-	-	(86,208)	-	(86,208)	-
Industrial park	1,045	-	-	-	(1,045)	-	(1,045)	-
Cemetery	121,701	40,727	-	-	(80,974)	-	(80,974)	-
Shop	57,438	-	-	-	(57,438)	-	(57,438)	-
Parks	287,235	-	-	-	(287,235)	-	(287,235)	-
Community and economic development	71	-	-	-	(71)	-	(71)	-
Fire department	253,411	10,666	-	-	(242,745)	-	(242,745)	-
Street	328,911	-	172,234	-	(156,677)	-	(156,677)	-
Interest on long-term debt	76,697	-	-	-	(76,697)	-	(76,697)	-
Total governmental activities	<u>3,012,793</u>	<u>294,742</u>	<u>218,888</u>	<u>109,684</u>	<u>(2,389,479)</u>	<u>-</u>	<u>(2,389,479)</u>	<u>(2,389,479)</u>
Business-type activities:								
Water, sewer, electric and trash	6,790,939	7,249,124	-	27,152	-	-	485,337	485,337
Landfill	-	-	-	-	-	-	-	-
Total business-type activities	<u>6,790,939</u>	<u>7,249,124</u>	<u>-</u>	<u>27,152</u>	<u>-</u>	<u>-</u>	<u>485,337</u>	<u>485,337</u>
Total primary government	<u>\$ 9,803,732</u>	<u>\$ 7,543,866</u>	<u>\$ 218,888</u>	<u>\$ 136,836</u>	<u>\$ (2,389,479)</u>	<u>\$ -</u>	<u>\$ (1,904,142)</u>	<u>\$ 485,337</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					247,749			247,749
Property taxes, levied for specific purposes					17,492			17,492
Franchise taxes and other taxes					192,754			192,754
Sales taxes					1,314,454			1,314,454
Investment earnings					4,796	138,026		142,822
Miscellaneous					49,939	48,638		98,577
Transfers					615,000	(615,000)		-
Total general revenues and transfers					<u>2,442,184</u>	<u>(428,336)</u>		<u>2,013,848</u>
Change in net assets					52,705	57,001		109,706
Net assets - beginning, as restated					4,655,026	8,807,303		13,462,329
Net assets - ending					<u>\$ 4,707,731</u>	<u>\$ 8,864,304</u>		<u>\$ 13,572,035</u>

See accompanying notes.

**CITY OF BUTLER, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2012**

	<u>General Fund</u>	<u>Transportation Tax Fund</u>	<u>Park Fund</u>	<u>Airport Fund</u>	<u>Capital Projects</u>	<u>Fire Protection</u>	<u>Total Governmental Funds</u>
ASSETS							
Pooled cash and investments	\$ 387,488	\$ 302,623	\$ 124,772	\$ 14,914	\$ 165,784	\$ 18,979	\$ 1,014,560
Cash and investments-restricted	363,463	-	117	-	-	-	363,580
Taxes receivable, net	123,899	46,603	46,603	-	-	11,651	228,756
Accounts receivable	18,724	-	-	-	-	-	18,724
Inventories	88,681	-	-	-	-	-	88,681
Prepays	8,297	-	-	-	-	-	8,297
Total assets	<u>\$ 990,552</u>	<u>\$ 349,226</u>	<u>\$ 171,492</u>	<u>\$ 14,914</u>	<u>\$ 165,784</u>	<u>\$ 30,630</u>	<u>\$ 1,722,598</u>
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 76,670	\$ 18,669	\$ -	\$ 899	\$ -	\$ -	\$ 96,238
Salaries and benefits payable	75,730	1,495	-	-	-	-	77,225
Due to other funds	284,027	-	-	-	-	-	284,027
Payable from restricted assets	2,414	-	-	-	-	-	2,414
Deferred revenue	8,474	-	-	-	-	-	8,474
Other liabilities	249	473	-	-	-	-	722
Total liabilities	<u>447,564</u>	<u>20,637</u>	<u>-</u>	<u>899</u>	<u>-</u>	<u>-</u>	<u>469,100</u>
Fund balances:							
Nonspendable:							
Prepaid expenditures	8,297	-	-	-	-	-	8,297
Inventories	88,681	-	-	-	-	-	88,681
Cemetery perpetual care	347,552	-	-	-	-	-	347,552
Restricted:							
Capital projects	-	-	-	-	165,784	-	165,784
Parks and recreation	-	-	124,889	-	-	-	124,889
Debt service	-	-	46,603	-	-	30,630	77,233
Street	-	328,589	-	-	-	-	328,589
Municipal court	1,585	-	-	-	-	-	1,585
Unassigned	96,873	-	-	14,015	-	-	110,888
Total fund balances	<u>542,988</u>	<u>328,589</u>	<u>171,492</u>	<u>14,015</u>	<u>165,784</u>	<u>30,630</u>	<u>1,253,498</u>
Total liabilities and fund balances	<u>\$ 990,552</u>	<u>\$ 349,226</u>	<u>\$ 171,492</u>	<u>\$ 14,914</u>	<u>\$ 165,784</u>	<u>\$ 30,630</u>	<u>\$ 1,722,598</u>

See accompanying notes.

CITY OF BUTLER, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
MARCH 31, 2012

Fund balances - total governmental funds	\$ 1,253,498
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	5,566,916
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. This amount represents the net of discounts and premiums on long-term obligations.	75,780
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(5,600)
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the government-wide statements,	
Bonds and capital leases	<u>(2,182,863)</u>
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 4,707,731</u>

See accompanying notes.

CITY OF BUTLER, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE --
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2012

	General Fund	Transportation Tax Fund	Park Fund	Airport Fund	Capital Projects	Fire Protection	Total Governmental Funds
REVENUES							
Taxes	\$ 1,076,577	\$ 309,291	\$ 309,291	\$ -	\$ -	\$ 77,290	\$ 1,772,449
Licenses and permits	12,676	-	-	-	-	-	12,676
Intergovernmental	328,572	-	-	-	-	-	328,572
Charges for services	156,417	-	-	21,586	-	-	178,003
Fees and fines	104,063	-	-	-	-	-	104,063
Investment earnings	4,277	119	119	-	201	80	4,796
Other	49,214	600	-	125	-	-	49,939
Total revenues	<u>1,731,796</u>	<u>310,010</u>	<u>309,410</u>	<u>21,711</u>	<u>201</u>	<u>77,370</u>	<u>2,450,498</u>
EXPENDITURES							
General government	444,183	-	-	-	-	-	444,183
Municipal court	118,210	-	-	-	-	-	118,210
Airport	-	-	-	17,515	-	-	17,515
Police	914,529	-	-	-	-	-	914,529
Emergency management	6,039	-	-	-	-	-	6,039
Recreation and aquatics	155,114	-	-	-	-	-	155,114
Industrial park	1,045	-	-	-	-	-	1,045
Cemetery	121,701	-	-	-	-	-	121,701
Shop	57,438	-	-	-	-	-	57,438
Parks	211,287	-	-	-	-	-	211,287
Community and economic development	71	-	-	-	-	-	71
Fire department	226,658	-	-	-	-	-	226,658
Street	-	217,748	-	-	-	-	217,748
Capital outlay	148,471	68,181	-	-	30	-	216,682
Debt service:							
Principal	-	-	165,000	-	-	69,491	234,491
Interest and other charges	-	-	72,686	-	-	4,211	76,897
Total expenditures	<u>2,404,746</u>	<u>285,929</u>	<u>237,686</u>	<u>17,515</u>	<u>30</u>	<u>73,702</u>	<u>3,019,608</u>
Excess (deficiency) of revenues over expenditures	<u>(672,950)</u>	<u>24,081</u>	<u>71,724</u>	<u>4,196</u>	<u>171</u>	<u>3,668</u>	<u>(569,110)</u>
OTHER FINANCING SOURCES (USES):							
Issuance of long-term debt	-	-	-	-	165,613	-	165,613
Transfers in	681,709	-	-	-	-	-	681,709
Transfers out	-	-	(66,709)	-	-	-	(66,709)
Total other financing sources and uses	<u>681,709</u>	<u>-</u>	<u>(66,709)</u>	<u>-</u>	<u>165,613</u>	<u>-</u>	<u>780,613</u>
Net change in fund balances	<u>8,759</u>	<u>24,081</u>	<u>5,015</u>	<u>4,196</u>	<u>165,784</u>	<u>3,668</u>	<u>211,503</u>
Fund balances - beginning, as restated	<u>534,229</u>	<u>304,508</u>	<u>166,477</u>	<u>9,819</u>	<u>-</u>	<u>26,962</u>	<u>1,041,995</u>
Fund balances - ending	<u>\$ 542,988</u>	<u>\$ 328,589</u>	<u>\$ 171,492</u>	<u>\$ 14,015</u>	<u>\$ 165,784</u>	<u>\$ 30,630</u>	<u>\$ 1,253,498</u>

See accompanying notes.

CITY OF BUTLER, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2012

Net change in fund balances - total governmental funds: \$ 211,503

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. This is the amount by which capital outlays, which are over the capitalization threshold, exceeded depreciation in the current period:

Capital outlay	10,750
Depreciation expense	<u>(231,101)</u>
	(220,351)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net Assets reports repayment as a reduction to long-term liabilities. This is the amount by which proceeds exceed repayments:

Other financing sources-issuance of debt	(165,613)
Repayment of principal	<u>234,491</u>
	68,878

Governmental funds report premiums and discounts as other financing sources. In contrast, those items are capitalized on the Statement of Net Assets and amortized over the life of the bonds on the Statement of Activities. This is the net amount of premiums, discounts, and amortization,

Amortization of premiums/discounts	<u>(7,525)</u>
------------------------------------	----------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds,

Accrued interest not reflected on governmental funds	<u>200</u>
--	------------

Change in net assets of governmental activities	<u>\$ 52,705</u>
---	------------------

See accompanying notes.

**CITY OF BUTLER, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUND
MARCH 31, 2012**

	Utility Fund
ASSETS:	
Current assets:	
Pooled cash and investments	\$ 461,809
Cash and investments-restricted	2,957,957
Receivables:	
Billed	504,714
Unbilled	291,209
Deferred charges, net of amortization	75,806
Due from other funds	284,027
Inventories	656,483
Prepaid expenses	5,532
Total current assets	5,237,537
Non-current assets,	
Capital assets:	
Construction in progress	36,892
Land and improvements	119,145
Infrastructure	16,153,299
Buildings	1,601,332
Equipment and furniture	5,292,699
Total capital assets at cost	23,203,367
Less accumulated depreciation	(10,571,617)
Capital assets, net	12,631,750
	17,869,287
LIABILITIES:	
Current liabilities:	
Accounts payable	81,669
Salaries and benefits payable	13,659
Accrued interest payable	70,400
Customer deposits	169,535
Other payables	13,768
Deferred revenue	8,230
Bond costs, net of amortization	177,694
Compensated absences	31,355
Bonds, notes, and capital leases payable	476,000
Total current liabilities	1,042,310
Non-current liabilities,	
Bonds, notes, and capital leases payable	7,962,673
	9,004,983
NET ASSETS:	
Invested in capital assets, net of related debt	6,723,266
Restricted for prepaid items	5,532
Restricted for debt service	285,000
Unrestricted	1,850,506
	8,864,304
	\$ 8,864,304

See accompanying notes.

CITY OF BUTLER, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS --
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2012

	Utility Fund
REVENUES,	
Charges for services	\$ <u>7,249,124</u>
OPERATING EXPENSES:	
Personnel services	1,001,257
Contractual services	3,972,989
Materials and supplies	161,504
Maintenance and repairs	350,969
Insurance	81,209
Utilities	214,954
Depreciation and amortization	617,921
Administration	52,569
Bad debts	<u>17,126</u>
	<u>6,470,498</u>
Operating income (loss)	<u>778,626</u>
NON-OPERATING REVENUES (EXPENSES):	
Intergovernmental	27,152
Interest income	138,026
Miscellaneous income	48,638
Interest expense	<u>(320,441)</u>
	<u>(106,625)</u>
Net income before transfers	672,001
Transfers out	<u>(615,000)</u>
Increase in net assets	57,001
Total net assets - beginning, as restated	<u>8,807,303</u>
Total net assets - ending	<u>\$ 8,864,304</u>

See accompanying notes.

CITY OF BUTLER, MISSOURI

**STATEMENT OF CASH FLOWS -- PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from customers	\$ 7,199,461
Payments to employees and fringe benefits	(1,013,142)
Payments for operations	<u>(4,895,675)</u>
Net cash provided by operating activities	<u>1,290,644</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers out	(615,000)
Due from other funds	<u>10,973</u>
Net cash provided by noncapital financing activities	<u>(604,027)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital grants received	27,152
Acquisition and construction of capital assets	(163,661)
Principal paid on capital debt and leases	(615,660)
Interest paid on capital debt and leases	<u>(320,441)</u>
Net cash used by capital and related financing activities	<u>(1,072,610)</u>
CASH FLOWS FROM INVESTING ACTIVITIES,	
Investment income	<u>138,026</u>
Net cash provided by investing activities	<u>138,026</u>
Net decrease in cash and cash equivalents	(247,967)
Cash and cash equivalents, Beginning of the year, as restated	<u>3,667,733</u>
Cash and cash equivalents, End of the year	<u>\$ 3,419,766</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>778,626</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	617,921
Cash payments franchise tax	48,638
Changes in assets and liabilities:	
Receivables, net	(57,893)
Prepaid items	20,701
Accounts payable and accrued liabilities	(145,156)
Deferred revenue	8,230
Funds held for others	11,475
Compensated absences	<u>8,102</u>
Total adjustments	<u>512,018</u>
Net cash provided by operating activities	<u>\$ 1,290,644</u>

See accompanying notes.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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 council members 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. With regard to FASB pronouncements issued after November 30, 1989, for its proprietary fund activities, the City has elected not to adopt any of those pronouncements. The City has also refrained from implementing FASB pronouncements issued after November 30, 1989.

- B. Government-Wide and Fund Financial Statements: The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City and its component units. For *Governmental activities*, which are normally supported by taxes and governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 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 FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

B. Government-Wide and Fund Financial Statements (Continued):

Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds include other Special Revenue and Capital Projects funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for non-major funds are presented with Combining and Individual Fund Statements and Schedules.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the 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 imposed by the provider have been met.

Governmental fund 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 collectible 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 of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims, and judgments are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest 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. Charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received.

The government reports the following major governmental funds:

The General Fund is the primary operating fund. Expenditures from this fund provide basic City services, such as 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.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

Revenue sources include taxes, which include property taxes, sales taxes, and franchise taxes. Other revenues include other fees and licenses, and revenue gathered from the municipal court and investment earnings.

The Transportation Tax Fund accounts for the operation and maintenance of streets, curbs, etc.

The Parks and Storm Water Fund accounts for taxes collected and expended for improvements to the City's parks and pool.

The Airport Fund accounts for the operations and maintenance of the City's airport.

The Capital Projects Fund accounts for resources restricted for the construction and acquisition of capital projects.

The Fire Protection Sales Tax Fund accounts for sales taxes collected for the operations of fire protection for the City.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private-sector. The measurement focus is upon determination of net income, financial position, and cash flows. The City's proprietary funds are as follows:

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 or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

D. Fund Equity - Government-Wide Statements: Equity is classified as net assets and displayed in three components:

- (1) 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 improvements of those assets.
- (2) Restricted net assets: Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) Unrestricted net assets: All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

E. Fund Equity: In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

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

Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Alderman-the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Alderman removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

E. Fund Equity (Continued):

Assigned fund balance - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Alderman and the City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

F. Budgets: The reported budgetary data represents the final approved budget after amendments as adopted by the City Council. Annual operating budgets are adopted for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds. Missouri law requires budgets to 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 its proprietary funds. The City Council did not amend the budget during the year. The City Council has performed the following procedures in establishing the City's budget:

- (1) Prior to February 28, the City Administrator submits to the City Council 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.
- (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 City Council. 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.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

G. Pooled Cash, Investments, and Restricted Assets: State statutes authorize the City to invest in banking institutions and obligations of municipalities, repurchase agreements, U.S. government agency obligations, and obligations of the U.S. Treasury. Cash resources of the individual governmental fund types are combined to form a pool of cash and investments. At March 31, 2012, 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. Investments with maturities of less than one year are stated at cost, which approximates fair value. All investments 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 reserve requirements, and refunding customer meter deposits.

H. Statement of Cash Flows: A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement 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.

I. Accounts Receivable: Accounts receivable for water, sewer, electric and sanitation services are accounted for in the Utility Fund and include billed amounts as well as an accrual for the earned but unbilled services from the previous billing date through March 31, 2012. All accounts receivable are stated net of allowances.

J. Interfund Receivables and Payables: Transactions between funds that are representative of cash overdrafts from pooled cash and investing are reported as interfund receivables or payables.

K. 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 transfers and are included in the results of operations of both Governmental and Proprietary Funds.

L. Inventory: Inventory, which consists principally of maintenance supplies, gasoline, and oil, is valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased.

M. Deferred Charges: Costs incurred in issuing and refunding bonds have been capitalized and recorded as deferred charges. These costs are amortized, using the straight-line method, over the period that the related bonds are outstanding.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

N. Capital Assets: Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable government or business-type activities columns in the government-wide statements. Capital assets are defined as assets with a cost of \$5,000 or more. Capital assets are recorded at historical cost if purchased or constructed, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is computed using the straight-line method over the following estimated lives:

Major Assets

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

GASB Statement 34 requires the reporting and depreciation of the new infrastructure expenditures effective with the beginning of the implementation year.

O. Compensated Absences: 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.

P. Long-Term Obligations: Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- Q. 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 reservations of fund balance for subsequent year expenditures. When expenditures are incurred in subsequent years relating to amounts previously encumbered, such amounts are, if material, reappropriated in the year expended.
- R. Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS:

At March 31, 2012, the carrying amount of the City's cash on hand, demand deposits and certificates of deposit in financial institutions was \$500, \$1,827,674, and \$11,658, respectively. The bank balances of demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the City. All deposits were held by a qualified depository.

At March 31, 2012, the City's investments consisted of the following:

	Carrying Amount	Fair Value	Investment Rating
Money Market	\$ 253,907	\$ 253,907	NA
Guaranteed Investment Contracts	281,494	281,494	NA
SRF Reserve	2,422,673	2,422,673	NA
	\$ 2,958,074	\$ 2,958,074	

Interest Rate Risk

Interest rate risk is the risk that changes interest rates that will adversely affect the fair value of an investment. The City does not have a formal policy for interest 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 interest rate risk.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize demand deposits with securities held by the financial institution's agent and in the City's name.

At March 31, 2012, the City had the following investments and maturities:

	Investment maturities (in years)			
	Value	Less than one	1-5	> 5
Investment type:				
Money market	\$ 253,907	\$ 253,907	\$ -	\$ -
Guaranteed investment contracts	281,494	-	-	281,494
SRF Reserve	2,422,673	-	-	2,422,673
	<u>\$ 2,958,074</u>	<u>\$ 253,907</u>	<u>\$ -</u>	<u>\$ 2,704,167</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer.

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. 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 (a) 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 (b) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

The City's general credit risk policy is to apply to prudent person rule: Investments shall be made with the exercise of that 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.

At March 31, 2012, the carrying value of deposits and investments are summarized as follows:

Investments:	
Money markets	\$ 253,907
Guaranteed investment contracts	281,494
SRF reserve	<u>2,422,673</u>
Total investments	<u>2,958,074</u>
Certificates of deposit	11,658
Cash on hand	500
Deposits	<u>1,827,674</u>
	<u>1,839,832</u>
Total	<u>\$ 4,797,906</u>

Deposits and investments of the City are reflected in the government-wide financial statements as follows:

Government-wide statement of net assets:	
Pooled cash and investments	\$ 1,476,369
Restricted cash	<u>3,321,537</u>
Total	<u>\$ 4,797,906</u>

3. 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 \$25,500 for the Utility Fund.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS:

A. Capital asset activity for the year ended March 31, 2012, consisted of the following:

	<u>Balance</u> <u>3/31/2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>3/31/2012</u>
Governmental activities:				
Capital assets not being depreciated,				
Land	\$ 766,311	\$ -	\$ -	\$ 766,311
Capital assets being depreciated:				
Buildings and land improvements	4,224,134	-	-	4,224,134
Furniture and equipment	14,026	-	-	14,026
Heavy equipment	1,329,445	14,955	-	1,344,400
Vehicles	375,466	-	-	375,466
Infrastructure	2,269,860	-	-	2,269,860
Total capital assets being depreciated	<u>8,212,931</u>	<u>14,955</u>	<u>-</u>	<u>8,227,886</u>
Less accumulated depreciation:				
Buildings and land improvements	1,020,527	87,630	-	1,108,157
Furniture and equipment	8,940	2,177	-	11,117
Heavy equipment	905,192	53,615	-	958,807
Vehicles	262,048	21,611	-	283,659
Infrastructure	1,002,818	62,723	-	1,065,541
Total accumulated depreciation	<u>3,199,525</u>	<u>227,756</u>	<u>-</u>	<u>3,427,281</u>
Total capital assets being depreciated, net	<u>5,013,406</u>	<u>(212,801)</u>	<u>-</u>	<u>4,800,605</u>
Governmental activities capital assets, net	<u>\$ 5,779,717</u>	<u>\$ (212,801)</u>	<u>\$ -</u>	<u>\$ 5,566,916</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued):

A. Capital asset activity for the year ended March 31, 2012, consisted of the following (Continued):

	<u>Balance</u> <u>3/31/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>3/31/2012</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 119,145	\$ -	\$ -	\$ 119,145
Construction in progress	<u>18,446</u>	<u>18,446</u>	<u>-</u>	<u>36,892</u>
Total capital assets not being depreciated	<u>137,591</u>	<u>18,446</u>	<u>-</u>	<u>156,037</u>
Capital assets being depreciated:				
Buildings	1,601,332	-	-	1,601,332
Furniture and equipment	4,613,679	-	-	4,613,679
Heavy equipment	366,595	-	-	366,595
Vehicles	312,425	-	-	312,425
Infrastructure	<u>16,008,084</u>	<u>145,215</u>	<u>-</u>	<u>16,153,299</u>
Total capital assets being depreciated	<u>22,902,115</u>	<u>145,215</u>	<u>-</u>	<u>23,047,330</u>
Less accumulated depreciation:				
Buildings	990,075	23,723	-	1,013,798
Furniture and equipment	2,062,431	183,034	-	2,245,465
Heavy equipment	203,977	22,302	-	226,279
Vehicles	302,111	3,429	-	305,540
Infrastructure	<u>6,382,939</u>	<u>397,596</u>	<u>-</u>	<u>6,780,535</u>
Total accumulated depreciation	<u>9,941,533</u>	<u>630,084</u>	<u>-</u>	<u>10,571,617</u>
Total capital assets being depreciated, net	<u>12,960,582</u>	<u>(484,869)</u>	<u>-</u>	<u>12,475,713</u>
Business-type activities capital assets, net	<u>\$13,098,173</u>	<u>\$ (466,423)</u>	<u>\$ -</u>	<u>\$12,631,750</u>

B. Depreciation expense was charged to the function/programs of the primary government as follows:

Government activities:	
General government	\$ 26,112
Police	21,109
Fire	26,753
Airport	38,197
Streets	42,982
Parks	<u>75,948</u>
Total depreciation expense, governmental	<u>\$ 231,101</u>
Business-type activities:	
Water	\$ 300,728
Sewer	134,872
Electric	<u>194,484</u>
	<u>\$ 630,084</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN:

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

LAGERS was created and is governed by state statute, section RSMo. 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the general assembly. The plan is qualified under Internal Revenue Code Section 401(a) and is tax exempt.

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

- B. Funding Status: The City of Butler's full-time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required by state statute to contribute to an actuarially determined rate; the current rate is 5.8% (general), 6.6% (police), and 8.3% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.
- C. Annual Pension Cost (APC) and Net Pension Obligation (NPO):

Annual required contribution	\$ 109,361
Interest on net pension obligation	274
Adjustment to annual required contribution	<u>(242)</u>
Annual pension cost	109,393
Actual contributions	<u>98,753</u>
Increase (decrease) in NPO	10,640
NPO beginning of year	<u>3,647</u>
NPO end of year	<u>\$ 14,287</u>

The annual required contribution (ARC) was determined as part of the February 28, 2009 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

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

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2009 was 30 years for the General division, 30 years for the Police division, and 3 years for the Fire division. The amortization period as of February 28, 2010 was 23 years for the General division, 14 years for the Police division, and 29 years for the Fire division.

Three-Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 73,506	100%	\$ -
6/30/10	\$ 84,822	96%	\$ 3,647
6/30/11	\$ 109,393	90%	\$ 14,287

6. LONG-TERM DEBT:

Changes in long-term debt of the City for the year ended March 31, 2012, consisted of the following:

Governmental Activities					
	<u>Balance April 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance March 31, 2012</u>	<u>Amounts Due Within One Year</u>
Certificates of participation	\$ 2,140,000	\$ -	\$ 165,000	\$ 1,975,000	\$ 170,000
Notes payable	-	165,613	-	165,613	18,059
Capital leases	<u>111,741</u>	<u>-</u>	<u>69,491</u>	<u>42,250</u>	<u>42,250</u>
	2,251,741	165,613	234,491	2,182,863	230,309
Other liabilities, Compensated absences	<u>48,186</u>	<u>61,340</u>	<u>58,037</u>	<u>51,489</u>	<u>51,489</u>
	<u>\$ 2,299,927</u>	<u>\$ 226,953</u>	<u>\$ 292,528</u>	<u>\$ 2,234,352</u>	<u>\$ 281,798</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

	Business-Type Activities			Balance March 31, 2012	Amounts Due Within One Year
	Balance April 1, 2011	Additions	Retirements		
Revenue bonds	\$ 5,465,000	\$ -	\$ 360,000	\$ 5,105,000	\$ 380,000
SRF loan	2,590,333	-	167,660	2,422,673	-
Capital lease	999,000	-	88,000	911,000	96,000
	9,054,333	-	615,660	8,438,673	476,000
Other liabilities, Compensated absences	23,253	51,366	43,264	31,355	31,355
	<u>\$ 9,077,586</u>	<u>\$ 51,366</u>	<u>\$ 658,924</u>	<u>\$ 8,470,028</u>	<u>\$ 507,355</u>

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund. The liability for compensated absences has been calculated using the vesting method, which leaves amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Total City debt at March 31, 2012, consisted of the following:

Governmental funds:

\$2,295,000, Series 2010, refunding certificates of participation, issues for the construction of the aquatic center, due in annual installments of \$155,000 to \$235,000, through March 1, 2022; interest at 1.75% to 4%	\$ 1,975,000
\$165,613, Energize MO Loan with DNR, issued for energy improvements, due in semi-annual installments of \$10,000, through August 2022, interest at 2%	<u>165,613</u>
Total governmental funds	<u>\$ 2,140,613</u>

Proprietary fund:

\$3,000,000, Series 2001A Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), due in annual installments of \$95,000 to \$235,000, through July 1, 2022; interest at 3.0% to 5.0%	\$ 2,005,000
\$5,000,000, Series 2001B Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), due in annual installments of \$160,000 to \$385,000, through July 1, 2021; interest at 3% to 5%	3,100,000
State Revolving Fund loan	<u>2,422,673</u>
Total proprietary fund	<u>\$ 7,527,673</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Aggregate annual principal and interest payments applicable to long-term debt are:

<u>Years ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Revenue Bonds</u>
2013	\$ 380,000	\$ 256,794	\$ 636,794
2014	400,000	235,831	635,831
2015	425,000	213,660	638,660
2016	445,000	190,278	635,278
2017	470,000	165,687	635,687
2018-2022	2,750,000	420,353	3,170,353
2023	<u>235,000</u>	<u>5,875</u>	<u>240,875</u>
	<u>\$ 5,105,000</u>	<u>\$ 1,488,478</u>	<u>\$ 6,593,478</u>
<u>Years ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Note Payable</u>
2013	\$ 18,059	\$ 1,941	\$ 20,000
2014	17,134	2,865	19,999
2015	17,478	2,521	19,999
2016	17,830	2,170	20,000
2017	18,188	1,812	20,000
2018-2022	<u>76,924</u>	<u>3,522</u>	<u>80,446</u>
	<u>\$ 165,613</u>	<u>\$ 14,831</u>	<u>\$ 180,444</u>
<u>Years ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Certificates of Participation</u>
2013	\$ 170,000	\$ 66,388	\$ 236,388
2014	175,000	62,562	237,562
2015	180,000	58,188	238,188
2016	185,000	53,238	238,238
2017	190,000	47,688	237,688
2018-2022	<u>1,075,000</u>	<u>131,000</u>	<u>1,206,000</u>
	<u>\$ 1,975,000</u>	<u>\$ 419,064</u>	<u>\$ 2,394,064</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Bond Reserve Accounts:

Under the Series 2001A Combined Waterworks/Sewerage System Revenue Bonds (State Revolving Fund Program), the City is required to deposit monies into a debt service account sufficient to meet maturity dates of principal and interest. Further, after providing funds for current operations and principal and interest, excess funds will be deposited at a rate of \$12,500 annually into a depreciation and replacement account until a balance of \$81,900 is reached.

At March 31, 2012, the City was not in compliance with these requirements.

Under the Series 2001B Combined Waterworks/Sewerage System Revenue Bonds (State Revolving Fund Program), the City is required to deposit monies into a debt service account sufficient to meet maturity dates of principal and interest. Further, after providing funds for current operations and principal and interest, excess funds will be deposited at a rate of \$37,200 annually into a depreciation and replacement account until a balance of \$72,100 is reached.

At March 31, 2012, the City was not in compliance with these requirements.

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the sewer fund for the year ended March 31, 2012.

7. CAPITAL LEASES:

The City has entered into lease agreements for financing capital equipment. The lease agreements qualify as capital leases for accounting purposes, therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset</u>	
Fire truck	\$ 327,961
Utility system improvements	<u>1,360,000</u>
Total assets acquired	<u>\$ 1,687,961</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL LEASES (Continued):

The future minimum lease payments and the present value of the remaining minimum lease payments as of March 31, 2012, are as follows:

<u>Years Ending March 31,</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
2013	\$ 42,993	\$ 138,391
2014	-	138,872
2015	-	135,283
2016	-	136,276
2017	-	131,167
2018-2022	-	438,174
	<u>42,993</u>	<u>1,118,163</u>
Less: amount representing interest	<u>743</u>	<u>207,163</u>
Present value of future minimum lease payments	<u>\$ 42,250</u>	<u>\$ 911,000</u>

8. RESTRICTED CASH:

Restricted cash and investments at March 31, 2012, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Park Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Municipal court	\$ 1,585	\$ -	\$ -	\$ 1,585
Park	168	-	-	168
Fire	4,293	-	-	4,293
Police	7,300	-	-	7,300
Cemetery	350,117	-	-	350,117
Construction	-	-	209,404	209,404
Reserve for debt service	-	<u>117</u>	<u>2,748,553</u>	<u>2,748,670</u>
	<u>\$ 363,463</u>	<u>\$ 117</u>	<u>\$ 2,957,957</u>	<u>\$ 3,321,537</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

9. TAX REVENUES:

The tax revenue, including interest and penalties collected thereon, for the year ended March 31, 2012, is as follows:

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>
Property	\$ 265,241	\$ -
Railroad	3,657	-
Franchise	185,939	-
Cigarette	-	-
City Sales	618,582	-
Park Sales	-	309,291
Transportation Sales	-	309,291
Fire Protection	-	77,290
Other	<u>3,158</u>	<u>-</u>
	<u>\$ 1,076,577</u>	<u>\$ 695,872</u>

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2011, was as follows:

Real estate	\$ 32,505,762
Personal property	<u>7,839,507</u>
	<u>\$ 40,345,269</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2011 was as follows:

General Fund	\$ 0.5955
Parks and Recreation Fund	0.0350
Lake	<u>0.0150</u>
	<u>\$ 0.6455</u>

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

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

10. 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; workers' compensation, and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three fiscal years.

11. INTERFUND TRANSACTIONS:

Interfund receivable and payable balances at March 31, 2012, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 284,027
Proprietary Fund, Utility Fund	<u>284,027</u>	<u>-</u>
	<u>\$ 284,027</u>	<u>\$ 284,027</u>

Transfers during the year ended March 31, 2012, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 681,709	\$ -
Special Revenue Funds, Parks	-	66,709
Proprietary Fund, Utility Fund	<u>-</u>	<u>615,000</u>
	<u>\$ 681,709</u>	<u>\$ 681,709</u>

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

12. INTERGOVERNMENTAL REVENUE:

Intergovernmental revenue during the year ended March 31, 2012, consisted of the following:

	<u>General Fund</u>	<u>Utility Fund</u>
Federal,		
US Department of Agriculture, passed through Osage Valley Resource Conservation and Development Council, Riverbank Stabilization	\$ 1,737	\$ 27,152
State:		
Department of Transportation, Airport	109,684	-
Department of Public Safety, Police Grant	818	-
Department of Revenue, Motor Vehicle Fuel Tax	157,213	-
Emergency Management Agency, Storm Clean Up	17,039	-
Department of Homeland Security, Fire	11,295	-
Other State Grants	<u>30,786</u>	<u>-</u>
	<u>\$ 328,572</u>	<u>\$ 27,152</u>

13. DEFERRED COMPENSATION PLAN:

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

Employees may contribute up to 25% of their annual base salary to a maximum limit of \$16,500 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.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

14. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

For the year ended March 31, 2012, in violation of Missouri state statutes and the City's budgetary process, the City's actual expenditures for the year exceeded the final budgeted expenditures in the following fund:

	<u>Amount of Violation</u>
Special Revenue Fund, Park	<u>\$ 2,998</u>

15. PLEDGED REVENUES:

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the Series 2001A and 2001B bonds that were issued in the amount of \$8,000,000. Proceeds from the bonds were used to fund the infrastructure for the water and sewer system. The bonds are payable from the water and sewer fund net revenues and are payable through 2023. The total interest and principal remaining to be paid on the bonds is \$6,593,478. Principal and interest paid for the current year is \$635,888.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

16. PRIOR PERIOD ADJUSTMENT:

The City has identified the following items which required a restatement of beginning net assets and fund balances for the year ended March 31, 2012.

	<u>Fund Balances - General Fund</u>	<u>Fund Balances - Transportation Tax Fund</u>	<u>Fund Balances - Parks Fund</u>	<u>Fund Balances- Fire Protection Sales Tax Fund</u>	<u>Net Assets- Governmental Activities</u>
Net assets and fund balances as originally reported March 31, 2011	\$ 529,753	\$ 298,673	\$ 160,647	\$ 25,251	\$ 4,635,424
Addition of cash accounts	2,565	-	-	-	2,565
Adjustment of old balances	5,054	-	-	-	5,054
Accounts payable	(9,896)	-	-	-	(9,896)
Sales tax receivable	(22,230)	5,835	5,830	1,711	(8,854)
Property tax receivable	5,623	-	-	-	5,623
Franchise tax receivable	(17,736)	-	-	-	(17,736)
Gasoline tax receivable	12,909	-	-	-	12,909
Accrued salaries	64,711	-	-	-	64,711
Court fines receivable	(58,167)	-	-	-	(58,167)
Allowance for bad debt	12,026	-	-	-	12,026
Accrued interest receivable	(6,367)	-	-	-	(6,367)
Inventory payable	15,984	-	-	-	15,984
Capital assets	-	-	-	-	7,550
Accrued interest expense	-	-	-	-	(5,800)
Net assets and fund balances as restated March 31, 2011	<u>\$ 534,229</u>	<u>\$ 304,508</u>	<u>\$ 166,477</u>	<u>\$ 26,962</u>	<u>\$ 4,655,026</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

16. PRIOR PERIOD ADJUSTMENT (Continued):

	Fund Balances - Utility Fund	Net Assets- Business-Type Activities
Net assets and fund balances as originally reported March 31, 2011	\$ 8,744,486	\$ 8,744,486
Prepaid items	(18,583)	(18,583)
Deferred charges, net of amortization	(53,068)	(53,068)
Unbilled revenues	253,669	253,669
Inventory payable	(40,198)	(40,198)
Accrued salaries	4,789	4,789
Pooled cash	9,093	9,093
Accounts payable	(22,485)	(22,485)
Accrued interest	(70,400)	(70,400)
Net assets and fund balances as restated March 31, 2011	\$ 8,807,303	\$ 8,807,303

17. EVALUATION OF SUBSEQUENT EVENTS:

The City has evaluated subsequent events through June 22, 2012, the date which the financial statements were available to be issued.

CITY OF BUTLER, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

1. MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM:

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>
02/29/09	\$ 1,986,112	\$ 2,335,506	\$ 349,394
02/28/10	\$ 2,139,663	\$ 2,491,407	\$ 351,744
02/28/11	\$ 2,345,005	\$ 2,708,081	\$ 363,076

<u>Actuarial Valuation Date</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percent of Covered Payroll</u>
02/29/09	85%	\$ 1,548,111	23%
02/28/10	86%	\$ 1,733,156	20%
02/28/11	87%	\$ 1,856,282	20%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuation, please contact the LAGERS office in Jefferson City.

2. BUDGETARY DATA:

The City's prepares its budget on the cash basis of accounting.

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$1,192,750	\$1,192,750	\$ 1,090,208	\$ (102,542)
Licenses and permits	14,000	14,000	12,676	(1,324)
Intergovernmental	1,394,575	1,394,575	328,910	(1,065,665)
Charges for services	166,050	166,050	156,417	(9,633)
Fees and fines	161,050	161,050	101,561	(59,489)
Investment earnings	11,500	11,500	4,277	(7,223)
Other	<u>111,000</u>	<u>111,000</u>	<u>49,214</u>	<u>(61,786)</u>
	3,050,925	3,050,925	1,743,263	(1,307,662)
Accrual adjustments	<u>-</u>	<u>-</u>	<u>(11,467)</u>	<u>(11,467)</u>
	<u>3,050,925</u>	<u>3,050,925</u>	<u>1,731,796</u>	<u>(1,319,129)</u>
EXPENDITURES:				
General government	455,966	455,966	442,371	13,595
Municipal court	124,901	124,901	118,019	6,882
Police	954,857	954,857	912,148	42,709
Emergency management	9,300	9,300	6,039	3,261
Recreation and aquatics	185,492	185,492	153,917	31,575
Industrial park	3,300	3,300	1,045	2,255
Cemetery	128,213	128,213	121,513	6,700
Shop	61,319	61,319	57,588	3,731
Parks	213,857	213,857	209,675	4,182
Community and economic development	606,500	606,500	71	606,429
Fire department	226,364	226,364	224,378	1,986
Capital outlay	<u>729,600</u>	<u>729,600</u>	<u>148,471</u>	<u>581,129</u>
	3,699,669	3,699,669	2,395,235	1,304,434
Accrual adjustments	<u>-</u>	<u>-</u>	<u>9,511</u>	<u>(9,511)</u>
	<u>3,699,669</u>	<u>3,699,669</u>	<u>2,404,746</u>	<u>1,294,923</u>
Excess (deficiency) of revenues over expenditures	(648,744)	(648,744)	(672,950)	(24,206)
OTHER FINANCING SOURCES,				
Transfers in	<u>720,028</u>	<u>720,028</u>	<u>681,709</u>	<u>(38,319)</u>
Net change in fund balances	71,284	71,284	8,759	(62,525)
Fund balances - beginning, as restated	<u>534,229</u>	<u>534,229</u>	<u>534,229</u>	<u>-</u>
Fund balances - ending	<u>\$ 605,513</u>	<u>\$ 605,513</u>	<u>\$ 542,988</u>	<u>\$ (62,525)</u>

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
TRANSPORTATION TAX FUND
FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$300,000	\$300,000	\$ 312,685	\$ 12,685
Investment earnings	500	500	119	(381)
Other	<u>240,000</u>	<u>240,000</u>	<u>600</u>	<u>(239,400)</u>
	540,500	540,500	313,404	(227,096)
Accrual adjustments	<u>-</u>	<u>-</u>	<u>(3,394)</u>	<u>(3,394)</u>
	<u>540,500</u>	<u>540,500</u>	<u>310,010</u>	<u>(230,490)</u>
EXPENDITURES:				
Street	295,742	295,742	214,370	81,372
Capital outlay	<u>385,000</u>	<u>385,000</u>	<u>57,822</u>	<u>327,178</u>
	680,742	680,742	272,192	408,550
Accrual adjustments	<u>-</u>	<u>-</u>	<u>13,737</u>	<u>(13,737)</u>
	<u>680,742</u>	<u>680,742</u>	<u>285,929</u>	<u>394,813</u>
Net change in fund balances	(140,242)	(140,242)	24,081	164,323
Fund balances - beginning, as restated	<u>304,508</u>	<u>304,508</u>	<u>304,508</u>	<u>-</u>
Fund balances - ending	<u>\$ 164,266</u>	<u>\$ 164,266</u>	<u>\$ 328,589</u>	<u>\$ 164,323</u>

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
PARK FUND
FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 300,000	\$ 300,000	\$ 312,675	\$ 12,675
Investment earnings	500	500	119	(381)
	300,500	300,500	312,794	12,294
Accrual adjustments	-	-	(3,384)	(3,384)
	<u>300,500</u>	<u>300,500</u>	<u>309,410</u>	<u>8,910</u>
EXPENDITURES,				
Debt service:				
Principal	165,000	165,000	165,000	-
Interest and other charges	69,688	69,688	72,686	(2,998)
	<u>234,688</u>	<u>234,688</u>	<u>237,686</u>	<u>(2,998)</u>
Excess of revenues over expenditures	65,812	65,812	71,724	5,912
OTHER FINANCING SOURCES (USES),				
Transfers out	(105,028)	(105,028)	(66,709)	(38,319)
Net change in fund balances	(39,216)	(39,216)	5,015	44,231
Fund balances - beginning, as restated	<u>166,477</u>	<u>166,477</u>	<u>166,477</u>	<u>-</u>
Fund balances - ending	<u>\$ 127,261</u>	<u>\$ 127,261</u>	<u>\$ 171,492</u>	<u>\$ 44,231</u>

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
AIRPORT FUND
FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	23,880	23,880	21,586	(2,294)
Other	<u>150</u>	<u>150</u>	<u>125</u>	<u>(25)</u>
	24,030	24,030	21,711	(2,319)
 EXPENDITURES,				
Current, Airport	<u>23,050</u>	<u>23,050</u>	<u>17,515</u>	<u>5,535</u>
Net change in fund balances	980	980	4,196	3,216
Fund balances - beginning, as restated	<u>9,819</u>	<u>9,819</u>	<u>9,819</u>	<u>-</u>
Fund balances - ending	<u>\$ 10,799</u>	<u>\$ 10,799</u>	<u>\$ 14,015</u>	<u>\$ 3,216</u>

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
FIRE PROTECTION
FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 75,000	\$ 75,000	\$ 78,136	\$ 3,136
Investment earnings	<u>125</u>	<u>125</u>	<u>80</u>	<u>(45)</u>
	75,125	75,125	78,216	3,091
Accrual adjustments	<u>-</u>	<u>-</u>	<u>(846)</u>	<u>(846)</u>
	<u>75,125</u>	<u>75,125</u>	<u>77,370</u>	<u>2,245</u>
EXPENDITURES,				
Debt service:				
Principal	-	-	69,491	(69,491)
Interest and other charges	<u>73,702</u>	<u>73,702</u>	<u>4,211</u>	<u>69,491</u>
	<u>73,702</u>	<u>73,702</u>	<u>73,702</u>	<u>-</u>
Net change in fund balances	1,423	1,423	3,668	2,245
Fund balances - beginning, as restated	<u>26,962</u>	<u>26,962</u>	<u>26,962</u>	<u>-</u>
Fund balances - ending	<u>\$ 28,385</u>	<u>\$ 28,385</u>	<u>\$ 30,630</u>	<u>\$ 2,245</u>

**CITY OF BUTLER, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 CAPITAL PROJECTS
 FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Investment earnings	\$ -	\$ -	\$ 201	\$ 201
EXPENDITURES,				
Current,				
Capital outlay	-	-	30	(30)
Excess of revenues over expenditures	-	-	171	171
OTHER FINANCING SOURCES,				
Proceeds from issuance of long-term debt	-	-	165,613	(165,613)
Net change in fund balances	-	-	165,784	165,784
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,784</u>	<u>\$ 165,784</u>