

CITY OF BUTLER, MISSOURI

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
MARCH 31, 2013**

CITY OF BUTLER, MISSOURI

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CITY OF BUTLER, MISSOURI

Principal Officials

MAYOR/CITY COUNCIL

Don Malan..... Mayor
David Brown..... Council Member
Brian Phillips Council Member
Thom Burg Council Member
Gayle Stark Council Member
Harold Weil Council Member
Terry Agnew..... Council Member
Brian Boyd Council Member
Vacant..... Council Member

ADMINISTRATION

Mark Arbuthnot City Administrator
Casey Koehn City Clerk

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

INDEPENDENT AUDITOR'S 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, each major fund, and the aggregate remaining fund information of the City of Butler, Missouri, as of March 31, 2013, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City of Butler, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Butler, Missouri, as of March 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information 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 budgetary comparison schedules 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 evidence sufficient 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 accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the 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.

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 introductory section is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


Harrisonville, Missouri
July 25, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Butler, Missouri

A Municipally Owned Light and Water System

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Don Malan, Mayor

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Mark Arbutnot, Administr

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Butler's financial statements provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on March 31, 2013. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and notes to the financial statements, to enhance their understanding of the activities and financial health of the City of Butler.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities at the close of the fiscal year by \$13,476,770 (net position). Of the assets that may be used to meet the City's ongoing obligations to citizens and creditors (unrestricted net position), the City had an amount of \$2,277,115.
- The City's total net position decreased approximately \$95,265 during fiscal 2013. Of this amount, the City's "governmental" activities net position increased \$32,416 and the City's "business-type activities" net position decreased \$127,681.
- The City's governmental funds have a combined fund balance at March 31, 2013, of \$1,210,675; a decrease of \$42,823 in comparison with the prior year.
- At the end of the current fiscal year, the General Fund had a fund balance of \$494,712 or 19.5% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is provided as an introduction to the City's *Basic Financial Statements*. The Basic Financial Statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

This report also contains other *Required Supplementary Information and a Supplemental Information* section that presents *combining statements* for non-major governmental funds (along with actual and budget comparison schedules).

Government-Wide Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, consideration should be given to additional non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure.

The statement of activities presents information showing all the government's revenues and expenses for the fiscal year, regardless of the timing of related cash flows. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs and may result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the City include public safety, emergency management, code enforcement, municipal court, airport, cemetery, public works, parks and recreation, community development, and general administration. The business-type activities for the City include water, sewer, electric, and sanitation.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*, not the City as a whole. A fund is a grouping of related accounts that is used to keep track of and segregate specific sources of funding and spending for particular purposes. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into the following two categories: governmental funds and proprietary funds.

Governmental funds: Most of the City's basic services are reported in governmental funds which focus on how cash flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationships or differences of activities reported in the governmental fund financial statement versus that reported in the government-wide financial statements are explained in the reconciliation schedules following the governmental fund financial statements.

Proprietary funds: Services for which the City charges customers a fee to cover the cost of operations are generally reported in proprietary funds. Proprietary fund statements, like the government-wide financial statements, provide both long-term and short-term financial information.

The City's proprietary fund Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Fund Net Assets is the same as the business-type activities reported in the government-wide financial statements but provides more detail and additional information, such as cash flow information, for proprietary funds.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements, including budgetary comparison schedules. In addition to these required components, a section is included with combining statements that provide fund level detail about the City's non-major governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As discussed earlier, net position may serve as one useful indicator of a government's financial condition. As of March 31, 2013, the City's total net position was \$13,476,770. Table A provides a summary of the City's governmental and business-type net position comparison for the years ending March 31, 2012 and 2013.

**Table A
Combined Statement of Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Assets						
Current and other assets						
Cash and other assets	\$ 1,514,351	\$ 1,514,650	\$ 5,237,537	\$ 6,270,069	\$ 6,751,888	\$ 7,784,719
Total capital assets	5,566,916	5,550,562	12,631,750	12,126,727	18,198,666	17,677,289
Total assets	\$ 7,081,267	\$ 7,065,212	\$ 17,869,287	\$ 18,396,796	\$ 24,950,554	\$ 25,462,008
Liabilities						
Current and other liabilities	\$ 420,982	\$ 448,682	\$ 1,042,310	\$ 1,515,327	\$ 1,463,292	\$ 1,964,009
Long-term debt outstanding	1,952,554	1,876,383	7,962,673	8,144,846	9,915,227	10,021,229
Total liabilities	\$ 2,373,536	\$ 2,325,065	\$ 9,004,983	\$ 9,660,173	\$ 11,378,519	\$ 11,985,238
Net Position						
Net investment in capital assets	\$ 3,459,833	\$ 3,467,017	\$ 6,723,266	\$ 6,679,182	\$ 10,183,099	\$ 10,146,199
Restricted:						
Cemetery perpetual care	347,552	355,969	-	-	347,552	355,969
Debt service	77,233	-	285,000	302,000	362,233	302,000
Fire protection	-	31,286	-	-	-	31,286
Parks and recreation	119,349	206,181	-	-	119,349	206,181
Street	328,589	158,020	-	-	328,589	158,020
Prepaid items	8,297	-	5,532	-	13,829	-
Capital projects	165,724	-	-	-	165,724	-
Municipal court	1,585	-	-	-	1,585	-
Unrestricted	199,569	521,674	1,850,506	1,755,441	2,050,075	2,277,115
Total net position	\$ 4,707,731	\$ 4,740,147	\$ 8,864,304	\$ 8,736,623	\$ 13,572,035	\$ 13,476,770

At the end of the current fiscal year, the City's total net position of \$13.4 million was slightly lower than the prior year. Of this \$13.4 million, \$4.7 million is attributed to governmental activities and \$8.7 million is attributable to business-type activities.

The largest category of the City's net assets, \$10.1 million reflect its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens; therefore, they are not available for future spending. Because they are not available for future spending, the resources needed to liquidate the related debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Changes in Net Assets

Table B reflects the changes in net assets of the City's activities for the years ending March 31, 2012 and 2013.

Table B
City of Butler, Missouri - Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues						
<u>Program Revenues</u>						
Charges for Services	\$ 294,742	\$ 316,668	\$ 7,249,124	\$ 7,689,433	\$ 7,543,866	\$ 8,006,101
Operating Grants and Contributions	218,888	180,376	-	-	218,888	180,376
Capital Grants and Contributions	109,684	31,386	27,152	-	136,836	31,386
<u>General Revenues</u>						
Taxes:						
Property Taxes-general purposes	247,749	229,276	-	-	247,749	229,276
Property Taxes-specific purposes	17,492	16,766	-	-	17,492	16,766
Franchise Taxes	192,754	188,475	-	-	192,754	188,475
Sales Taxes	1,314,454	1,421,118	-	-	1,314,454	1,421,118
Investment Earnings	4,796	2,783	138,026	122,991	142,822	125,774
Miscellaneous	49,939	49,297	48,638	125,410	98,577	174,707
Total Revenues	2,450,498	2,436,145	7,462,940	7,937,834	9,913,438	10,373,979
Expenses						
Governmental Activities:						
General Government:	484,957	665,827	-	-	484,957	665,827
Municipal court	118,210	113,600	-	-	118,210	113,600
Airport	170,710	52,942	-	-	170,710	52,942
Police	942,989	947,655	-	-	942,989	947,655
Emergency management	6,039	5,291	-	-	6,039	5,291
Recreation and aquatics	163,379	165,337	-	-	163,379	165,337
Industrial park	1,045	535	-	-	1,045	535
Cemetery	121,701	129,193	-	-	121,701	129,193
Shop	57,438	53,547	-	-	57,438	53,547
Parks	287,235	370,807	-	-	287,235	370,807
Community and economic development	71	-	-	-	71	-
Fire department	253,411	246,687	-	-	253,411	246,687
Street	328,911	251,327	-	-	328,911	251,327
Interest on Long-term Debt	76,697	71,087	-	-	76,697	71,087
Business-type Activities	-	-	6,790,939	7,395,409	6,790,939	7,395,409
Total Expenses	3,012,793	3,073,835	6,790,939	7,395,409	9,803,732	10,469,244
Changes in net assets before transfers	(562,295)	(637,690)	672,001	542,425	109,706	(95,265)
Transfers & Loss on Disp of Assets	615,000	670,106	(615,000)	(670,106)	-	-
Changes in net assets	52,705	32,416	57,001	(127,681)	109,706	(95,265)
Net Assets at beginning of year	4,655,026	4,707,731	8,807,303	8,864,304	13,462,329	13,572,035
Net Assets at end of year	\$ 4,707,731	\$ 4,740,147	\$ 8,864,304	\$ 8,736,623	\$ 13,572,035	\$ 13,476,770

The City's net assets decreased by \$95,265 for the fiscal year ended March 31, 2013. In comparison, the City's net assets increased \$109,706 for the fiscal year ended March 31, 2012.

To determine the functional cost of the City, the Statement of Activities demonstrates the net cost of each major activity of the City. The purpose of this statement is to measure the gross expenses of \$10.5 million against charges for services and grants and contributions of \$8.2 million. The end result is a net cost of \$2.1 million to taxpayers. In fiscal year 2013, property taxes funded \$.25 million of these costs, sales tax funded \$1.4 million of these costs, and franchise taxes funded \$.19 million of these costs, while interest earnings, and other miscellaneous revenues and transfers totaling \$.26 million covered a portion of the remaining costs.

Governmental Activities: Governmental activities increased the City's net assets by \$32,416. Total revenues from governmental activities decreased by \$14,353 and governmental activity expenses increased \$61,042 over the prior fiscal year.

Total governmental activities' revenue for the fiscal year was \$2.4 million. Charges for services, (e.g. license fees, permit fees, fire contract fees, facility/equipment rental fees, dispatch fees, and entrance fees) to the City's outdoor water park account for 13% of the governmental activities revenue and increased \$21,926 over the prior fiscal year.

Sales taxes account for 58% of the total revenues related to governmental activities and increased \$106,664 over the prior fiscal year to \$1.4 million. This was due to an increase in retail and other sales subject to sales tax in the area. Property taxes account for 10% of the governmental activities revenue and they decreased \$19,199 due to a decrease in payments received for the City's property tax levy amounts. Revenues from capital grants and contributions were also decreased \$116,810 over the prior fiscal year. This was due to the decrease in MoDOT grant funds for the Airport and Downtown Improvement projects.

Franchise tax revenue decreased \$4,279 from last fiscal year. This was due in part to a mild winter that resulted in lower heating bills during the winter season and from smaller payments received from wireless telephone and cable companies.

Total governmental activities' expense for the fiscal year was \$3.1 million. Interest on long-term debt also increased for financing replacement of the Police Department's 911 Communication Center equipment and upgrading the systems ability to be narrow band compliant by January 1, 2013, as required by the Federal Communication Commission.

Business-type Activities: Business-type activities decreased the City's net assets by \$127,681. The business-type activities of the City include providing services for electric, water, sewer, and sanitation to the citizens. Revenues and expenditures for these activities are included in the City's Utility Fund. It should be noted that revenues and expenditures can vary year to year for the electric, water, and sewer services based on weather conditions.

The electric operations included charges for services of \$5.7 million which was approximately 5% under the budget projection and expenditures of \$5 million which was approximately 10% under the budget projection. There were no increases in electric rates for the budget year. There was an increase in expenditures due to the cost of electricity that the City purchases from its electricity supplier, MoPEP, increasing from an average cost of .072 cents/kWH to .079 cents/kWH. There were no major projects completed for the Light Plant or the Electrical Distribution System.

The water operations included charges for services of \$1.1 million which was approximately 11% under the budget projection and expenditures of \$1 million which was approximately 11% under the budget projection. There were no increases in water rates for the budget year. There were no major projects completed for the Water Treatment Plant or the Water Distribution System.

The sewer operations included charges for services of \$.70 million which was approximately 8% higher than the budget projection and expenditures of \$.60 million which was approximately 35% over the budget projection. The sewer rates were increased 37% June 1, 2012. The Wastewater Treatment Plant UV Disinfection and Basin Mixer Improvements along with the Sewer Collection System Improvements were bid during the budget year for completion in 2013. The sewer rate increase and improvements are addressed under the FY 2013 Budget comments later in this report.

The sanitation services that are provided to the residential properties in the City are by a contract that the City has with Bates County Disposal. The contract expires December 31, 2014, and will be bid out again at that time. The City bills the monthly sanitation charge of \$13.25/month on the City utility bill and collects the fees and then pays Bates County Disposal \$12.50/month for each account it collects. The City retains \$.75/month as an administration charge to provide these services.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds Overview: As noted earlier, the City of Butler uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the City's financing requirements. For example, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2013, the City of Butler reported a combined fund balance of \$1.2 million in the governmental funds, a decrease of \$42,823 from the previous year. \$93,690 of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The majority of fund balance is restricted

The General Fund, Transportation Fund, Park Fund, Airport Fund, Capital Projects Fund, and Fire Protection Fund are the City's six major governmental funds.

General Fund. The General Fund is the chief operating fund of the City and accounts for all transactions not required to be accounted for in other funds. As the City's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by taxes and charges for services. At the end of fiscal year 2013, the total fund balance of the General Fund was \$494,712. This represents a decrease of \$48,276 under the previous fiscal year fund balance. This decrease is largely due to sales tax and other revenues being projected lower for the year.

The City recognizes the need for a fund balance that can adequately absorb any downturn in economic events to avoid changes and reductions in service levels. Because of no increase in the fund balance the City has kept expenditures at reduced levels and postponed capital purchases.

Park Fund. The Park Fund accounts for Parks and Recreation ½ cent sales tax and user fees collected for the purpose of providing the water park facilities for the City. Expenditures include the annual principal and interest payments on certificates of participation that were issued to finance the water park in 2001 and were refinanced in 2010 at a lower interest rate. These funds are also used to cover operations, maintenance, repairs, and other expenditures for the water park facilities. The ending sales tax fund balance was \$211,565 which was an increase of \$40,073 over the previous year. This was the result of lower expenses for the water park and an increase in the sales tax revenues.

Transportation Fund. The Transportation Fund accounts for the operations, maintenance, repairs, and improvements of roads, curbs, and sidewalks within the City. Funding is provided primarily by a ½ cent transportation sales tax and other intergovernmental revenues from the State, along with occasional transfers from the General Fund. The ending fund balance was \$438,370, an increase of \$109,781 over the prior year's ending fund balance due to projects being delayed until the next budget year.

Airport Fund. The Airport Fund accounts for revenues from hangar rentals and farm ground leases and these cover expenditures for operations and maintenance of the facilities. The fund balance at the end of 2012 was \$26,083 which was an increase of \$12,068 over the previous year due to an increase in the farm ground lease payments and reduced operating expenses.

Capital Projects Fund, The Capital Projects Fund accounts for (2) low interest loans from the Missouri Department of Natural Resources to fund energy improvements to City buildings. One loan was at 0% interest on approximately \$25,000 with a five year pay back term and the other loan was at 2% interest for approximately \$165,000 with a ten year pay back term. The energy savings in utility costs will be used to pay back the two loans and after that the City will get the direct benefit of reduced utility costs. The allocation of the loan payments is split between the General Fund and the Proprietary Fund based on the buildings that received the energy improvements.

Fire Protection Fund. The Fire Protection Fund accounts for the purchase of fire equipment under a lease purchase agreement and was funded by a 1/8 cent sales tax over a five year period. This sales tax expired July 1, 2013 and the equipment was paid off in November. The ending fund balance of \$31,286 will be used for the purchase of equipment in the next budget year.

General Fund Budgetary Highlights

The revenues for the General Fund were less than projected in the budget due to less sales tax, property tax, grants funds, and other revenues which were \$1.1 million under budget. This also resulted in expenditures being reduced wherever possible which were \$1 million under budget. It should be noted that the revenue and expenditures that were under budget were also for several proposed projects that the City had applied for grant funding but was not approved. The ending fund balance was \$48,276 lower when compared to the prior year fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Butler's investment in capital assets for governmental and business-type activities as of March 31, 2013, is \$17.7 million, net of accumulated depreciation. This includes land, buildings, improvements, equipment, roads, and construction in progress. The total decrease in capital assets was \$521,377 over the prior year. Major capital asset projects and equipment funded this year are as follows:

- 911 Communication Center equipment and narrow band frequency upgrade - \$74,489
- (2) new Police vehicles - \$52,366
- (2) new Park mowers - \$13,070
- Shop waste oil furnace - \$6,750
- Light Plant battery system - \$12,401
- Airport runway improvements in progress - \$38,675
- Wastewater Treatment Plant UV Disinfection/Basin Mixers in progress - \$43,138
- Wastewater Collection System Improvements in progress - \$66,147
- Butler Square - Downtown Improvement Project in progress - \$30,210

Additional information on the City's capital assets can be found in Note 4 on pages 36 and 37 of this report.

Debt administration. The City of Butler had various forms of debt during fiscal 2012. Table C below shows the City's outstanding debt by type for fiscal years ending March 31, 2012 and 2013.

Table C
Outstanding Debt

	Governmental		Business-type		Total	
	2012	2013	2012	2013	2012	2013
Certificates of Participation	\$1,975,000	\$1,805,000	\$ -	\$ -	\$1,975,000	\$1,805,000
Notes Payable	165,613	190,553	-	-	165,613	190,553
Capital Leases	42,250	87,992	911,000	1,785,979	953,250	1,873,971
Sewerage Revenue Bonds	-	-	5,105,000	4,725,000	5,105,000	4,725,000
SRF Loan	-	-	2,422,673	2,226,464	2,422,673	2,226,464
Total	2,182,863	2,083,545	8,438,673	8,737,443	10,621,536	10,820,988

The City's debt for governmental activities decreased \$99,318 from March 31, 2012 to March 31, 2013. The decrease was due to the debt service payments made based on amortization schedules.

Debt for business-type activities increased \$298,770 from March 31, 2012 to March 31, 2013. The increase was due to lease-purchase financing for the installation of Wastewater Treatment Plant UV Disinfection and Basin Mixers and for Sewer Collection System improvements.

Total debt increased a net of \$199,452 to \$10,820,988.

Additional information on the City's long-term debt can be found in Note 6 on pages 39 to 42 of this report.

ECONOMIC FACTORS, FY2013 BUDGET AND TAX RATES

The local economy in Butler is still slowly recovering. There has not been any substantial revenue growth in the City's sales tax or other General Fund revenues or Utility Fund revenues over the past year so the ending fund balances for the City as of March 31, 2013, were lower than projected.

A new larger Wal-Mart store was built to replace the current store and opened in January of 2012. Several new residential building permits have been issued over the past year with other construction activity being limited to remodeling and maintenance projects. The new Wal-Mart store has resulted in an increase in City sales tax revenues that have been factored into the budget year projections. The actual sales tax revenues for the year ending March 31, 2013, were lower than projected in the budget but higher than the previous year.

A new 1/8 cent sales tax for fire equipment was approved in August of 2012 by the voters and collections started on January 1, 2013. This sales tax replaces a five year 1/8 cent sales tax for fire equipment which expired in July of 2012. The new sales tax does not have an expiration date and is dedicated to fund the Fire Department equipment and will generate an estimated \$87,500 annually.

A new 1/2 cent Capital Improvement Sales Tax was approved by the voters on April 2, 2013, and collection of the sales tax will begin on October 1, 2013, and will generate an estimated \$350,000 annually. The City Council has stated that the primary use of these funds will be for road improvement projects in the City.

The FY 2013-14 Budget includes expenditures of \$16.3 million for City operations and proposed projects. This is up from the previous year budget of \$14.7 million. This increase is due to improvement projects at the Light Plant, Wastewater Treatment Plant, and Sewer Collection System that are required for the City to meet EPA and the Missouri Department of Natural Resources permit regulations. The Downtown Improvement Project is included in the budget for completion in August of 2013. The end of year fund balances is projected to increase a small amount except for the Transportation Fund which will be lower due to completion of the Downtown Improvement Project and other street improvements.

Property tax in the budget is \$269,500 which is up from the previous year amount of \$244,500. This increase is based on the calculated and allowed tax rate ceiling for the City of Butler.

The new budget provides for employee wages to be increased by 3%. There were no changes in employee staffing for the next year. With the federal government passing health care reform the City will fall under these regulations in the future. The City requested proposals for the health/dental/vision insurance and changed to Blue Cross and Blue Shield of Kansas City and VSP on July 1, 2011, and the City Council has approved to continue coverage's another year starting on July 1, 2013.

The City will continue to pay 100% of the single employee insurance premiums. The employee will pay any additional cost for spouse or dependent insurance coverage.

New Environmental Protection Agency regulations require the City to install additional air quality equipment, catalytic convertors, on the generators at the power plant to reduce emissions by May 3, 2013, in order to be able to continue use of the plant to generate electricity on demand. Without this equipment the plant would only be able to be operated in an emergency situation when the interconnection line that supplies the City is out of service due to an emergency situation. The City Council approved to install the equipment on two of the Caterpillar generators at a cost of \$85,000 and the two remaining Caterpillar generators would be equipped in the future. This will insure the City has adequate capacity to serve its electrical load during the summer months when the peak loads are experienced. The older Fairbanks-Morse generators were not suited for the installation of the air quality equipment. Engineering Associates completed a Power Supply study for the City in January of 2012. Options presented in the study were considered by the City Council and included the continued operation of the power plant and increasing the primary electrical interconnection for the City so that the power plant would not need to be operated in on peak situations during the summer months. Increasing the primary electrical interconnection for the City will need to be considered in the next five years contingent on electrical load growth and new development at an estimated cost of \$2,000,000.

The City has worked with a developer, MC Power Companies, over the past 2.5 years on a proposal to install a 3 MW Solar Farm in the Butler Industrial Park and a ground breaking was held on May 21, 2013. The electricity from this installation will be sold to MoPEP, the power supplier for the City. The City is under contract to sell approximately 12.48 acres of property to the developer for the installation of the Solar Farm which is scheduled for completion later in the fall of 2013. The developer has requested approval of a Chapter 353 Redevelopment Plan from the City to provide for property tax abatement for the property.

The City Wastewater Treatment Plant was issued a new discharge permit in March of 2010 and is required to meet the permit requirements imposed by the Missouri Department of Natural Resources and the Environmental Protection Agency by December of 2013. Installation of UV disinfection equipment and basin mixers is under construction at the facility and is scheduled for completion by September 2013. Improvements were also completed this spring in the sewer collection system to reduce Inflow and Infiltration (I&I) which is another requirement from the Missouri Department of Natural Resources. The City has obtained lease-purchase financing over a ten year period through the Missouri Public Utility Alliance for \$1,125,000 for these projects.

The City Council approved a first step increase to the City sewer rates that was effective on the customer utility bills that were due on June 1, 2012. This 37% increase was required to reduce the shortfall in revenues and to provide additional funding required for financing the Wastewater Treatment Plant and collection system improvements that are required by the Missouri Department of Natural Resources. The City Council approved the second and final step increase in City sewer rates of 28% which was effective on the customer utility bills that were due on June 1, 2013. The City has also taken steps to reduce operating expenditures in the Wastewater Treatment Plant and Sewer Collection System areas.

The Butler Historic Square – Downtown Improvement Project was in design for several years and is scheduled for completion this year at an estimated cost of \$605,049. MoDOT/Federal Highway Administration grant funds are paying 79% of the construction costs and the City paying 21% of these costs. Total estimated construction costs are \$418,580. This project has gone through several design changes as a result of requirements from the Missouri State Historic Preservation

Office so this has delayed the completion of the project. The estimated total City construction cost for this project is \$258,142. The construction project was started in April and is scheduled for completion in August of 2013.

The City Council approved a Five Year Capital Improvement Plan with the FY 2013-2014 Budget to identify City needs over a five year period for equipment and projects. By updating this plan on an annual basis it will help with the preparation of future budgets and meeting these needs.

Ongoing maintenance, repairs, and improvements will be continued for street, storm water, parks/recreation, water, sewer, and the electric systems. Other operational costs for the budget year remain flat and were reduced wherever possible.

It is important for the City to maintain adequate reserves in the General Fund and Utility Fund which have been at lower levels for the past several years. Growth in the local economy would help the City's financial situation by producing additional sales tax and other revenues.

The FY 2013-2014 Budget provides funding to continue current levels of City services and allow the City to remain in a stable financial condition.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for our citizens, taxpayers, customers, investors, creditors, and other interested parties, and also to show our accountability for the monies entrusted to our care. If you have questions about this report or need additional financial information, contact Mark Arbuthnot, City Administrator, City of Butler, 22 W. Ohio Street, Butler, Missouri 64730.

**CITY OF BUTLER, MISSOURI
STATEMENT OF NET POSITION
MARCH 31, 2013**

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Pooled cash and investments	\$ 1,066,467	\$ 1,619,694	\$ 2,686,161
Cash and investments-restricted	374,119	2,773,832	3,147,951
Taxes receivable, net	234,155	-	234,155
Internal balances	(295,001)	295,001	-
Accounts receivable	21,602	844,061	865,663
Deferred charges, net of amortization	68,255	86,153	154,408
Inventories	36,756	645,796	682,552
Prepaid expenses	8,297	5,532	13,829
Capital assets:			
Land	766,311	119,145	885,456
Construction in process	68,885	146,177	215,062
Buildings and land improvements	4,224,134	1,601,332	5,825,466
Furniture and equipment	1,877,867	5,307,800	7,185,667
Infrastructure	2,269,860	16,153,299	18,423,159
Less: accumulated depreciation	<u>(3,656,495)</u>	<u>(11,201,026)</u>	<u>(14,857,521)</u>
Total capital assets	<u>5,550,562</u>	<u>12,126,727</u>	<u>17,677,289</u>
Total assets	<u>7,065,212</u>	<u>18,396,796</u>	<u>25,462,008</u>
LIABILITIES			
Accounts payable and accrued expenses	131,684	481,330	613,014
Salaries and benefits payable	29,695	12,425	42,120
Deferred revenues	12,544	11,921	24,465
Liabilities payable from restricted assets	2,974	170,660	173,634
Bond costs, net of amortization	-	157,686	157,686
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	207,162	592,597	799,759
Compensated absences	58,823	26,708	85,531
Accrued interest	5,800	62,000	67,800
Due in more than one year,			
Bonds, capital leases, and contracts	<u>1,876,383</u>	<u>8,144,846</u>	<u>10,021,229</u>
Total liabilities	<u>2,325,065</u>	<u>9,660,173</u>	<u>11,985,238</u>
NET POSITION			
Net investment in capital assets	3,467,017	6,679,182	10,146,199
Restricted for:			
Cemetery perpetual care	355,969	-	355,969
Debt service	-	302,000	302,000
Fire Protection	31,286	-	31,286
Parks and recreation	206,181	-	206,181
Street	158,020	-	158,020
Unrestricted	<u>521,674</u>	<u>1,755,441</u>	<u>2,277,115</u>
Total net position	<u>\$ 4,740,147</u>	<u>\$ 8,736,623</u>	<u>\$ 13,476,770</u>

See accompanying notes.

**CITY OF BUTLER, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2013**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenue		Primary Government		Business-type	
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:						
General government	\$ 665,827	\$ 17,682	\$ 637	\$ (647,508)	\$ -	\$ (647,508)
Municipal court	113,600	6,771	-	(106,829)	-	(106,829)
Airport	52,942	26,813	-	5,257	-	(831,510)
Police	947,655	116,145	-	(831,510)	-	9,538
Emergency management	5,291	-	14,829	9,538	-	(74,457)
Recreation and aquatics	165,337	90,880	-	(74,457)	-	(535)
Industrial park	535	-	-	(535)	-	(82,028)
Cemetery	129,193	47,165	-	(82,028)	-	(53,548)
Shop	53,548	-	-	(53,548)	-	(370,807)
Parks	370,807	-	-	(370,807)	-	(235,476)
Fire department	246,687	11,212	-	(235,476)	-	(86,416)
Street	251,326	-	164,910	(86,416)	-	(71,087)
Interest on long-term debt	71,087	-	-	(71,087)	-	(2,545,405)
Total governmental activities	<u>3,073,635</u>	<u>316,668</u>	<u>180,376</u>	<u>(2,545,405)</u>	<u>-</u>	<u>294,024</u>
Business-type activities:						
Water, sewer, electric, and trash	7,395,409	7,689,433	-	-	294,024	294,024
Total business-type activities	<u>7,395,409</u>	<u>7,689,433</u>	<u>-</u>	<u>-</u>	<u>294,024</u>	<u>294,024</u>
Total primary government	<u>\$ 10,469,244</u>	<u>\$ 8,006,101</u>	<u>\$ 180,376</u>	<u>\$ (2,545,405)</u>	<u>\$ 294,024</u>	<u>\$ (2,251,381)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				229,276	-	229,276
Property taxes, levied for specific purposes				16,766	-	16,766
Franchise taxes and other taxes				188,475	-	188,475
Sales taxes				1,421,118	-	1,421,118
Investment earnings				2,783	122,991	125,774
Miscellaneous				49,297	125,410	174,707
Transfers				670,106	(670,106)	-
Total general revenues and transfers				<u>2,577,821</u>	<u>(421,705)</u>	<u>2,156,116</u>
Change in net position				32,416	(127,661)	(95,265)
Net position - beginning				4,707,731	8,864,304	13,572,035
Net position - ending				<u>\$ 4,740,147</u>	<u>\$ 8,736,623</u>	<u>\$ 13,476,770</u>

See accompanying notes.

**CITY OF BUTLER, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2013**

	<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	\$ 428,186	\$ 417,924	\$ 165,114	\$ 26,811	\$ 8,659	\$ 19,773	\$ 1,066,467
Cash and investments-restricted	374,002	-	117	-	-	-	374,119
Taxes receivable, net	129,974	46,334	46,334	-	-	11,513	234,155
Accounts receivable	21,602	-	-	-	-	-	21,602
Inventories	36,756	-	-	-	-	-	36,756
Prepays	8,297	-	-	-	-	-	8,297
Total assets	<u>\$ 998,817</u>	<u>\$ 464,258</u>	<u>\$ 211,565</u>	<u>\$ 26,811</u>	<u>\$ 8,659</u>	<u>\$ 31,286</u>	<u>\$ 1,741,396</u>
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 107,067	\$ 23,282	\$ -	\$ 728	\$ -	\$ -	\$ 131,077
Salaries and benefits payable	86,187	2,389	-	-	-	-	88,576
Due to other funds	295,001	-	-	-	-	-	295,001
Payable from restricted assets	2,974	-	-	-	-	-	2,974
Deferred revenue	12,544	-	-	-	-	-	12,544
Other liabilities	332	217	-	-	-	-	549
Total liabilities	<u>504,105</u>	<u>25,888</u>	<u>-</u>	<u>728</u>	<u>-</u>	<u>-</u>	<u>530,721</u>
Nonspendable:							
Prepaid expenditures	8,297	-	-	-	-	-	8,297
Inventories	36,756	-	-	-	-	-	36,756
Cemetery perpetual care	355,969	-	-	-	-	-	355,969
Restricted:							
Parks and recreation	-	-	206,181	-	-	-	206,181
Fire protection	-	-	-	-	-	31,286	31,286
Street	-	158,020	-	-	-	-	158,020
Committed to:							
Streets	-	280,350	-	-	-	-	280,350
Parks and recreation	-	-	5,384	-	-	-	5,384
Airport	-	-	-	8,575	-	-	8,575
Assigned to:							
Capital outlay	-	-	-	-	8,659	-	8,659
Airport	-	-	-	17,508	-	-	17,508
Unassigned	93,690	-	-	-	-	-	93,690
Total fund balances	<u>494,712</u>	<u>438,370</u>	<u>211,565</u>	<u>26,083</u>	<u>8,659</u>	<u>31,286</u>	<u>1,210,675</u>
Total liabilities and fund balances	<u>\$ 998,817</u>	<u>\$ 464,258</u>	<u>\$ 211,565</u>	<u>\$ 26,811</u>	<u>\$ 8,659</u>	<u>\$ 31,286</u>	<u>\$ 1,741,396</u>

See accompanying notes.

CITY OF BUTLER, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
MARCH 31, 2013

Fund balances - total governmental funds	\$ 1,210,675
Amounts reported for governmental activities in the Statement of Net Position is 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 Position.	5,550,562
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 Position. This amount represents the net of discounts and premiums on long-term obligations.	68,255
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(5,800)
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>(2,083,545)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$ <u>4,740,147</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, 2013

	General Fund	Transportation Tax Fund	Park Fund	Airport Fund	Capital Projects	Fire Protection	Total Governmental Funds
REVENUES							
Taxes	\$ 1,123,273	\$ 344,378	\$ 344,378	\$ -	\$ -	\$ 43,606	\$ 1,855,635
Licenses and permits	13,228	-	-	-	-	-	13,228
Intergovernmental	211,762	-	-	-	-	-	211,762
Charges for services	184,883	-	-	26,813	-	-	211,696
Fees and fines	91,744	-	-	-	-	-	91,744
Investment earnings	2,130	64	65	-	481	43	2,783
Other	37,647	11,650	-	-	-	-	49,297
Total revenues	1,664,667	356,092	344,443	26,813	481	43,649	2,436,145
EXPENDITURES							
General government	463,695	-	-	-	-	-	463,695
Municipal court	113,600	-	-	-	-	-	113,600
Airport	-	-	-	14,745	-	-	14,745
Police	889,535	-	-	-	-	-	889,535
Emergency management	5,291	-	-	-	-	-	5,291
Recreation and aquatics	157,812	-	-	-	-	-	157,812
Industrial park	535	-	-	-	-	-	535
Cemetery	129,193	-	-	-	-	-	129,193
Shop	53,548	-	-	-	-	-	53,548
Parks	296,652	-	-	-	-	-	296,652
Fire department	219,662	-	-	-	-	-	219,662
Street	-	206,038	-	-	-	-	206,038
Capital outlay	207,382	38,635	-	-	182,546	-	428,563
Debt service:							
Principal	2,448	-	170,000	-	-	42,250	214,698
Interest and other charges	874	-	69,270	-	-	743	70,887
Total expenditures	2,540,227	244,673	239,270	14,745	182,546	42,993	3,264,454
Excess (deficiency) of revenues over expenditures	(875,560)	111,419	105,173	12,068	(182,065)	656	(828,309)
OTHER FINANCING SOURCES (USES):							
Issuance of long-term debt	90,440	-	-	-	24,940	-	115,380
Transfers in	736,844	-	-	-	-	-	736,844
Transfers out	-	(1,638)	(65,100)	-	-	-	(66,738)
Total other financing sources and uses	827,284	(1,638)	(65,100)	-	24,940	-	785,486
Net change in fund balances	(48,276)	109,781	40,073	12,068	(157,125)	656	(42,823)
Fund balances - beginning	542,988	328,589	171,492	14,015	165,784	30,630	1,253,498
Fund balances - ending	<u>\$ 494,712</u>	<u>\$ 438,370</u>	<u>\$ 211,565</u>	<u>\$ 26,083</u>	<u>\$ 8,659</u>	<u>\$ 31,286</u>	<u>\$ 1,210,675</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, 2013

Net change in fund balances - total governmental funds: \$ (42,823)

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	212,860
Depreciation expense	(229,214)
	(16,354)

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 Position reports repayment as a reduction to long-term liabilities. This is the amount by which repayments exceed proceeds:

Other financing sources-issuance of debt	(115,380)
Repayment of principal	214,698
	99,318

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	(7,525)
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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	(200)
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Change in net position of governmental activities	\$ 32,416
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**CITY OF BUTLER, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUND
MARCH 31, 2013**

	Utility Fund
ASSETS:	
Current assets:	
Pooled cash and investments	\$ 692,131
Cash and investments-restricted	3,701,395
Receivables:	
Billed	560,332
Unbilled	283,729
Deferred charges, net of amortization	86,153
Due from other funds	295,001
Inventories	645,796
Prepaid expenses	5,532
Total current assets	6,270,069
Non-current assets,	
Capital assets:	
Construction in progress	146,177
Land and improvements	119,145
Infrastructure	16,153,299
Buildings	1,601,332
Equipment and furniture	5,307,800
Total capital assets at cost	23,327,753
Less accumulated depreciation	(11,201,026)
Capital assets, net	12,126,727
	18,396,796
LIABILITIES:	
Current liabilities:	
Accounts payable	463,625
Salaries and benefits payable	12,425
Accrued interest payable	62,000
Customer deposits	170,660
Other payables	17,705
Deferred revenue	11,921
Bond costs, net of amortization	157,686
Compensated absences	26,708
Bonds, notes, and capital leases payable	592,597
Total current liabilities	1,515,327
Non-current liabilities,	
Bonds, notes, and capital leases payable	8,144,846
	9,660,173
NET POSITION:	
Net investment in capital assets	6,679,182
Restricted for debt service	302,000
Unrestricted	1,755,441
	\$ 8,736,623

See accompanying notes.

CITY OF BUTLER, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION --
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2013

	Utility Fund
REVENUES,	
Charges for services	\$ 7,689,433
OPERATING EXPENSES:	
Personnel services	968,382
Contractual services	4,583,380
Materials and supplies	190,272
Maintenance and repairs	318,654
Insurance	109,430
Utilities	222,061
Depreciation and amortization	618,035
Administration	53,938
Bad debts	35,210
	7,099,362
Operating income	590,071
NON-OPERATING REVENUES (EXPENSES):	
Interest income	122,991
Miscellaneous income	125,410
Interest expense	(296,047)
	(47,646)
Net income before transfers	542,425
Transfers out	(670,106)
Decrease in net position	(127,681)
Net position - beginning	8,864,304
Net position - ending	\$ 8,736,623

See accompanying notes.

CITY OF BUTLER, MISSOURI

STATEMENT OF CASH FLOWS -- PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Received from customers	\$ 7,644,986
Payments to employees and fringe benefits	(974,263)
Payments for operations	<u>(5,007,526)</u>
Net cash provided by operating activities	<u>1,663,197</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfers out	(670,106)
Due from other funds	<u>(10,974)</u>
Net cash used by noncapital financing activities	<u>(681,080)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	990,541
Acquisition and construction of capital assets	(124,386)
Principal paid on capital debt and leases	(691,771)
Interest paid on capital debt and leases	<u>(305,732)</u>
Net cash used by capital and related financing activities	<u>(131,348)</u>

CASH FLOWS FROM INVESTING ACTIVITIES,

Investment income	<u>122,991</u>
Net cash provided by investing activities	<u>122,991</u>

Net increase in cash and cash equivalents	973,760
Cash and cash equivalents, Beginning of the year	<u>3,419,766</u>
Cash and cash equivalents, End of the year	<u>\$ 4,393,526</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income	<u>\$ 590,071</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	618,035
Cash payments franchise tax	125,410
Changes in assets and liabilities:	
Receivables, net	(48,138)
Inventories	10,687
Accounts payable and accrued liabilities	366,963
Deferred revenue	3,691
Funds held for others	1,125
Compensated absences	<u>(4,647)</u>
Total adjustments	<u>1,073,126</u>
Net cash provided by operating activities	<u>\$ 1,663,197</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:

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.

Government-Wide and Fund Financial Statements: The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. *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):

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.

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.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

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. 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.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

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.

Net Position - Government-Wide Statements: Net Position is displayed in three components:

- (1) Net investment in capital assets: 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: Consists of restricted assets, reduced by liabilities and deferred inflows of resources related to those 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: All Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of "net investment in capital assets" or the "restricted" component of net position.

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

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.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Equity (Continued):

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.

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.

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:

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets (Continued):

- (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.

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, 2013, 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.

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.

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, 2013. All accounts receivable are stated net of allowances.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

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.

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.

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.

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.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

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.

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.

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, 2013, the carrying amount of the City's cash on hand, demand deposits, and certificates of deposit in financial institutions was \$618, \$3,048,004, 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, 2013, the City's investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Investment Rating</u>
Money market	\$ 209,404	\$ 209,404	NA
Guaranteed investment contracts	337,964	337,964	NA
SRF reserve	<u>2,226,464</u>	<u>2,226,464</u>	NA
	<u>\$ 2,773,832</u>	<u>\$ 2,773,832</u>	

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

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.

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, 2013, the City had the following investments and maturities:

	Investment maturities (in years)			
	Value	Less than one	1-5	>5
Investment type:				
Money market	\$ 209,404	\$ 209,404	\$ -	\$ -
Guaranteed investment contracts	337,964	-	-	337,964
SFF reserve	<u>2,226,464</u>	-	-	<u>2,226,464</u>
	<u>\$ 2,773,832</u>	<u>\$ 209,404</u>	<u>\$ -</u>	<u>\$ 2,564,428</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

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

Credit Risk (Continued):

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.

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, 2013, the carrying value of deposits and investments are summarized as follows:

Investments:	
Money markets	\$ 209,404
Guaranteed investment contracts	337,964
SRF reserve	<u>2,226,464</u>
Total investments	<u>2,773,832</u>
Certificates of deposit	11,658
Cash on hand	618
Deposits	<u>3,048,004</u>
	<u>3,060,280</u>
Total	<u>\$ 5,834,112</u>

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

Government-wide statement of net position:	
Pooled cash and investments	\$ 2,686,161
Restricted cash	<u>3,147,951</u>
Total	<u>\$ 5,834,112</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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.

4. CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2013, consisted of the following:

	<u>Balance</u> <u>4/1/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>3/31/2013</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 766,311	\$ -	\$ -	\$ 766,311
Construction in progress	-	68,885	-	68,885
Total capital assets not being depreciated	<u>766,311</u>	<u>68,885</u>	<u>-</u>	<u>835,196</u>
Capital assets being depreciated:				
Buildings and land improvements	4,224,134	-	-	4,224,134
Furniture and equipment	14,026	91,609	-	105,635
Heavy equipment	1,344,400	-	-	1,344,400
Vehicles	375,466	52,366	-	427,832
Infrastructure	2,269,860	-	-	2,269,860
Total capital assets being depreciated	<u>8,227,886</u>	<u>143,975</u>	<u>-</u>	<u>8,371,861</u>
Less accumulated depreciation:				
Buildings and land improvements	1,108,157	87,630	-	1,195,787
Furniture and equipment	11,117	5,069	-	16,186
Heavy equipment	958,807	50,921	-	1,009,728
Vehicles	283,659	22,870	-	306,529
Infrastructure	1,065,541	62,723	-	1,128,264
Total accumulated depreciation	<u>3,427,281</u>	<u>229,214</u>	<u>-</u>	<u>3,656,495</u>
Total capital assets being depreciated, net	<u>4,800,605</u>	<u>(85,239)</u>	<u>-</u>	<u>4,715,366</u>
Governmental activities capital assets, net	<u>\$ 5,566,916</u>	<u>\$ (16,354)</u>	<u>\$ -</u>	<u>\$ 5,550,562</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued):

Capital asset activity for the year ended March 31, 2013, consisted of the following (Continued):

	<u>Balance</u> <u>4/1/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>3/31/2013</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 119,145	\$ -	\$ -	\$ 119,145
Construction in progress	36,892	109,285	-	146,177
Total capital assets not being depreciated	<u>156,037</u>	<u>109,285</u>	<u>-</u>	<u>265,322</u>
Capital assets being depreciated:				
Buildings	1,601,332	-	-	1,601,332
Furniture and equipment	4,613,679	15,101	-	4,628,780
Heavy equipment	366,595	-	-	366,595
Vehicles	312,425	-	-	312,425
Infrastructure	16,153,299	-	-	16,153,299
Total capital assets being depreciated	<u>23,047,330</u>	<u>15,101</u>	<u>-</u>	<u>23,062,431</u>
Less accumulated depreciation:				
Buildings	1,013,798	23,724	-	1,037,522
Furniture and equipment	2,245,464	182,994	-	2,428,458
Heavy equipment	226,281	20,405	-	246,686
Vehicles	305,540	1,985	-	307,525
Infrastructure	6,780,534	400,301	-	7,180,835
Total accumulated depreciation	<u>10,571,617</u>	<u>629,409</u>	<u>-</u>	<u>11,201,026</u>
 Total capital assets being depreciated, net	 <u>12,475,713</u>	 <u>(614,308)</u>	 <u>-</u>	 <u>11,861,405</u>
 Business-type activities capital assets, net	 <u>\$12,631,750</u>	 <u>\$ (505,023)</u>	 <u>\$ -</u>	 <u>\$12,126,727</u>

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

Government activities:	
General government	\$ 24,059
Police	26,185
Fire	27,025
Airport	38,197
Streets	39,593
Parks	74,155
Total depreciation expense, governmental	<u>\$ 229,214</u>
 Business-type activities:	
Water	\$ 298,612
Sewer	135,806
Electric	194,991
	<u>\$ 629,409</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN:

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.

Funding Status: Full-time employees of the City of Butler contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 6.3% (General), 6.9% (Police), and 7.2% (Fire) of annual covered payroll. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO):

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 108,555
Interest on net pension obligation	1,036
Adjustment to annual required contribution	<u>(1,149)</u>
Annual pension cost	108,442
Actual contributions	<u>108,555</u>
Increase (decrease) in NPO	(113)
NPO beginning of year	<u>14,287</u>
NPO end of year	<u>\$ 14,174</u>

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, 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% to 6% 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

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

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

Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. 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. The amortization period as of February 28, 2011, was 18 years for the General division, 14 years for the Police division, and 26 years for the Fire division.

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 84,822	95.7%	\$ 3,647
2011	\$ 109,393	90.3%	\$ 14,287
2012	\$ 108,442	100.1%	\$ 14,174

6. LONG-TERM DEBT:

Changes in long-term debt of the City for the year ended March 31, 2013, consisted of the following:

	<u>Governmental Activities</u>			<u>Balance March 31, 2013</u>	<u>Amounts Due Within One Year</u>
	<u>Balance April 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>		
Certificates of participation	\$ 1,975,000	\$ -	\$ 170,000	\$ 1,805,000	\$ 175,000
Notes payable	165,613	24,940		190,553	24,509
Capital leases	<u>42,250</u>	<u>90,440</u>	<u>44,698</u>	<u>87,992</u>	<u>7,653</u>
	2,182,863	115,380	214,698	2,083,545	207,162
Other liabilities, Compensated absences	<u>51,489</u>	<u>53,688</u>	<u>46,354</u>	<u>58,823</u>	<u>58,823</u>
	<u>\$ 2,234,352</u>	<u>\$ 169,068</u>	<u>\$ 261,052</u>	<u>\$ 2,142,368</u>	<u>\$ 265,985</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

	Business-Type Activities				
	Balance April 1, 2012	Additions	Retirements	Balance March 31, 2013	Amounts Due Within One Year
Revenue bonds	\$ 5,105,000	\$ -	\$ 380,000	\$ 4,725,000	\$ 400,000
SRF loan	2,422,673	-	196,209	2,226,464	-
Capital lease	<u>911,000</u>	<u>990,541</u>	<u>115,562</u>	<u>1,785,979</u>	<u>192,597</u>
	8,438,673	990,541	691,771	8,737,443	592,597
Other liabilities, Compensated absences	<u>31,355</u>	<u>23,488</u>	<u>28,135</u>	<u>26,708</u>	<u>26,708</u>
	<u>\$ 8,470,028</u>	<u>\$ 1,014,029</u>	<u>\$ 719,906</u>	<u>\$ 8,764,151</u>	<u>\$ 619,305</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, 2013, consisted of the following:

Governmental funds:

\$2,295,000, Series 2010, refunding certificates of participation, issued 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%	\$ 1,805,000
\$24,940, Energy Loan System with MO DNR, issued for energy improvements, due in semi-annual installments of \$3,225, through February 2017, interest at 0%	24,940
\$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>\$ 1,995,553</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

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% to 5%	\$ 1,865,000
\$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%	2,860,000
State Revolving Fund loan	<u>2,226,464</u>
Total Proprietary fund	<u>\$ 6,951,464</u>

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>
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	495,000	139,753	634,753
2019-2023	<u>2,490,000</u>	<u>286,475</u>	<u>2,776,475</u>
	<u>\$ 4,725,000</u>	<u>\$ 1,231,684</u>	<u>\$ 5,956,684</u>

<u>Years ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Note Payable</u>
2014	\$ 24,509	\$ 1,941	\$ 26,450
2015	23,584	2,865	26,449
2016	23,928	2,521	26,449
2017	23,420	2,170	25,590
2018	18,188	1,812	20,000
2019-2023	<u>76,924</u>	<u>3,522</u>	<u>80,446</u>
	<u>\$ 190,553</u>	<u>\$ 14,831</u>	<u>\$ 205,384</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Years ending March 31,	Principal	Interest	Certificates of Participation
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	195,000	41,512	236,512
2019-2023	<u>880,000</u>	<u>89,488</u>	<u>969,488</u>
	<u>\$ 1,805,000</u>	<u>\$ 352,676</u>	<u>\$ 2,157,676</u>

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, 2013, 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, 2013, 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, 2013.

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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		1,360,000
Total assets acquired	\$	1,687,961

The future minimum lease payments and the present value of the remaining minimum lease payments as of March 31, 2013, are as follows:

<u>Years Ending March 31,</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
2014	\$ 9,965	\$ 264,833
2015	9,965	249,877
2016	9,965	250,870
2017	9,964	245,761
2018	9,965	251,454
2019-2023	50,463	832,125
	100,287	2,094,920
Less: amount representing interest	12,295	308,941
Present value of future minimum lease payments	\$ 87,992	\$ 1,785,979

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

8. RESTRICTED CASH:

Restricted cash and investments at March 31, 2013, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Park Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Municipal court	\$ 2,135	\$ -	\$ -	\$ 2,135
Park	168	-	-	168
Fire	4,591	-	-	4,591
Police	8,574	-	-	8,574
Cemetery	358,534	-	-	358,534
Construction	-	-	1,136,967	1,136,967
Reserve for debt service	-	117	2,564,428	2,564,545
	<u>\$ 374,002</u>	<u>\$ 117</u>	<u>\$ 3,701,395</u>	<u>\$ 4,075,514</u>

9. TAX REVENUES:

The tax revenue, including interest and penalties collected thereon, for the year ended March 31, 2013, is as follows:

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>
Property	\$ 246,042	\$ -
Railroad	1,833	-
Franchise	180,784	-
Cigarette	-	-
City sales	688,756	-
Park sales	-	344,378
Transportation sales	-	344,378
Fire protection	-	43,606
Other	5,858	-
	<u>\$ 1,123,273</u>	<u>\$ 732,362</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

9. TAX REVENUES (Continued):

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2012, was as follows:

Real estate	\$ 33,837,822
Personal property	<u>7,988,329</u>
	<u>\$ 41,826,151</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2012 was as follows:

General Fund	\$ 0.5379
Parks and Recreation Fund	0.0322
Lake	<u>0.0140</u>
	<u>\$ 0.5841</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.

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, 2013, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 295,001
Proprietary Fund, Utility Fund	<u>295,001</u>	<u>-</u>
	<u>\$ 295,001</u>	<u>\$ 295,001</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

11. INTERFUND TRANSACTIONS (Continued):

Transfers during the year ended March 31, 2013, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 736,844	\$ -
Special Revenue Funds:		
Transportation	-	1,638
Parks	-	65,100
Proprietary Fund, Utility Fund	<u>-</u>	<u>670,106</u>
	<u>\$ 736,844</u>	<u>\$ 736,844</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.

12. INTERGOVERNMENTAL REVENUE:

Intergovernmental revenue during the year ended March 31, 2013, consisted of the following:

	<u>General Fund</u>
State:	
Department of Transportation, Airport	\$ 31,386
Department of Revenue, Motor Vehicle Fuel Tax	164,910
Emergency Management Agency, Storm Clean Up	14,829
Other State Grants	<u>637</u>
	<u>\$ 211,762</u>

CITY OF BUTLER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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.

14. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

For the year ended March 31, 2013, 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 Fund	\$ 1,570
Capital Projects	<u>29,981</u>
	<u>\$ 31,551</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 \$5,956,684. Principal and interest paid for the current year is \$636,794.

16. EVALUATION OF SUBSEQUENT EVENTS:

The City has evaluated subsequent events through July 25, 2013, 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>
02/28/2010	\$ 2,139,663	\$ 2,491,407	\$ 351,744
02/28/2011	\$ 2,345,005	\$ 2,708,081	\$ 363,076
02/29/2012	\$ 2,351,882	\$ 2,632,813	\$ 280,931

<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>
02/28/2010	86%	\$ 1,733,156	20%
02/28/2011	87%	\$ 1,856,282	20%
02/29/2012	89%	\$ 1,748,809	16%

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u>	<u>Final Budget</u>
			<u>Budgetary</u>	<u>Positive</u>
			<u>Basis</u>	<u>(Negative)</u>
REVENUES:				
Taxes	\$ 873,930	\$ 1,296,800	\$ 1,121,268	\$ (175,532)
Licenses and permits	5,872	14,175	13,228	(947)
Intergovernmental	428,101	825,275	211,875	(613,400)
Charges for services	240,537	164,800	184,883	20,083
Fees and fines	112,067	126,050	92,592	(33,458)
Investment earnings	6,742	5,150	2,130	(3,020)
Other	43,301	301,250	37,647	(263,603)
	<u>1,710,550</u>	<u>2,733,500</u>	<u>1,663,623</u>	<u>(1,069,877)</u>
Accrual adjustments	-	-	1,044	1,044
	<u>1,710,550</u>	<u>2,733,500</u>	<u>1,664,667</u>	<u>(1,068,833)</u>
EXPENDITURES:				
General government	423,864	478,933	451,643	27,290
Municipal court	120,391	135,833	113,576	22,257
Police	941,206	953,921	889,994	63,927
Emergency management	9,820	9,650	5,291	4,359
Recreation and aquatics	286,267	185,974	157,682	28,292
Industrial park	1,511	8,300	535	7,765
Cemetery	153,274	144,172	128,083	16,089
Shop	59,396	66,609	52,919	13,690
Parks	222,296	231,199	295,467	(64,268)
Community and economic development	-	301,500	-	301,500
Fire department	217,940	232,030	225,192	6,838
Capital outlay	200,944	768,800	207,382	561,418
Debt service:				
Principal	-	6,250	2,448	3,802
Interest and other charges	-	-	874	(874)
	<u>2,636,909</u>	<u>3,523,171</u>	<u>2,531,086</u>	<u>992,085</u>
Accrual adjustments	-	-	9,141	(9,141)
	<u>2,636,909</u>	<u>3,523,171</u>	<u>2,540,227</u>	<u>982,944</u>
Excess (deficiency) of revenues over expenditures	(926,359)	(789,671)	(875,560)	(85,889)
OTHER FINANCING SOURCES:				
Proceeds from long-term debt	-	-	90,440	(90,440)
Transfers in	691,418	737,701	736,844	(857)
Net change in fund balances	(234,941)	(51,970)	(48,276)	3,694
Fund balances - beginning	542,988	542,988	542,988	-
Fund balances - ending	<u>\$ 308,047</u>	<u>\$ 491,018</u>	<u>\$ 494,712</u>	<u>\$ 3,694</u>

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
TRANSPORTATION TAX FUND
FOR THE YEAR ENDED MARCH 31, 2013**

	<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	\$328,342	\$350,000	\$ 344,647	\$ (5,353)
Intergovernmental	-	330,678	-	(330,678)
Investment earnings	176	200	64	(136)
Other	<u>-</u>	<u>-</u>	<u>11,650</u>	<u>11,650</u>
	328,518	680,878	356,361	(324,517)
Accrual adjustments	<u>-</u>	<u>-</u>	<u>(269)</u>	<u>(269)</u>
	<u>328,518</u>	<u>680,878</u>	<u>356,092</u>	<u>(324,786)</u>
EXPENDITURES:				
Street	251,130	268,443	205,144	63,299
Capital outlay	<u>8,560</u>	<u>646,399</u>	<u>38,635</u>	<u>607,764</u>
	259,690	914,842	243,779	671,063
Accrual adjustments	<u>-</u>	<u>-</u>	<u>894</u>	<u>(894)</u>
	<u>259,690</u>	<u>914,842</u>	<u>244,673</u>	<u>670,169</u>
Revenues over expenditures	<u>68,828</u>	<u>(233,964)</u>	<u>111,419</u>	<u>(994,955)</u>
OTHER FINANCING USES,				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,638)</u>	<u>1,638</u>
Net change in fund balances	68,828	(233,964)	109,781	343,745
Fund balances - beginning	<u>328,589</u>	<u>328,589</u>	<u>328,589</u>	<u>-</u>
Fund balances - ending	<u>\$397,417</u>	<u>\$ 94,625</u>	<u>\$ 438,370</u>	<u>\$ 343,745</u>

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
PARK FUND
FOR THE YEAR ENDED MARCH 31, 2013**

	<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	\$ 328,321	\$ 350,000	\$ 344,647	\$ (5,353)
Investment earnings	<u>176</u>	<u>175</u>	<u>65</u>	<u>(110)</u>
	328,497	350,175	344,712	(5,463)
Accrual adjustments	<u>-</u>	<u>-</u>	<u>(269)</u>	<u>(269)</u>
	<u>328,497</u>	<u>350,175</u>	<u>344,443</u>	<u>(5,732)</u>
EXPENDITURES,				
Debt service:				
Principal	-	165,000	170,000	(5,000)
Interest and other charges	<u>72,685</u>	<u>72,700</u>	<u>69,270</u>	<u>3,430</u>
	<u>72,685</u>	<u>237,700</u>	<u>239,270</u>	<u>(1,570)</u>
Excess of revenues over expenditures	255,812	112,475	105,173	(7,302)
OTHER FINANCING USES,				
Transfers out	<u>-</u>	<u>(122,701)</u>	<u>(65,100)</u>	<u>(57,601)</u>
Net change in fund balances	255,812	(10,226)	40,073	50,299
Fund balances - beginning	<u>171,492</u>	<u>171,492</u>	<u>171,492</u>	<u>-</u>
Fund balances - ending	<u>\$ 427,304</u>	<u>\$ 161,266</u>	<u>\$ 211,565</u>	<u>\$ 50,299</u>

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
AIRPORT FUND
FOR THE YEAR ENDED MARCH 31, 2013**

	<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	\$ 19,038	\$ 26,650	\$ 26,813	\$ 163
Other	<u>50</u>	<u>150</u>	<u>-</u>	<u>(150)</u>
	<u>19,088</u>	<u>26,800</u>	<u>26,813</u>	<u>13</u>
EXPENDITURES,				
Current, Airport	<u>13,872</u>	<u>25,950</u>	<u>14,745</u>	<u>11,205</u>
	<u>13,872</u>	<u>25,950</u>	<u>14,745</u>	<u>11,205</u>
Net change in fund balances	5,216	850	12,068	11,218
Fund balances - beginning	<u>14,015</u>	<u>14,015</u>	<u>14,015</u>	<u>-</u>
Fund balances - ending	<u>\$ 19,231</u>	<u>\$ 14,865</u>	<u>\$ 26,083</u>	<u>\$ 11,218</u>

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
FIRE PROTECTION
FOR THE YEAR ENDED MARCH 31, 2013**

	<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	\$ 82,077	\$ 32,500	\$ 43,744	\$ 11,244
Investment earnings	117	125	43	(82)
	<u>82,194</u>	<u>32,625</u>	<u>43,787</u>	<u>11,162</u>
Accrual adjustments	-	-	(138)	(138)
	<u>82,194</u>	<u>32,625</u>	<u>43,649</u>	<u>11,024</u>
EXPENDITURES,				
Debt service:				
Principal	73,702	49,625	42,250	7,375
Interest and other charges	-	-	743	(743)
	<u>73,702</u>	<u>49,625</u>	<u>42,993</u>	<u>6,632</u>
Excess (deficiency) of revenues over expenditures	<u>8,492</u>	<u>(17,000)</u>	<u>656</u>	<u>17,656</u>
OTHER FINANCING SOURCES,				
Transfers in	-	17,000	-	(17,000)
Net change in fund balances	8,492	-	656	17,656
Fund balances - beginning	<u>30,630</u>	<u>30,630</u>	<u>30,630</u>	<u>-</u>
Fund balances - ending	<u>\$ 39,122</u>	<u>\$ 30,630</u>	<u>\$ 31,286</u>	<u>\$ 17,656</u>

**CITY OF BUTLER, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
CAPITAL PROJECTS
FOR THE YEAR ENDED MARCH 31, 2013**

	<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	\$ -	\$ -	\$ 481	\$ 481
EXPENDITURES,				
Current,				
Capital outlay	-	152,565	182,546	(29,981)
Excess of revenues over expenditures	-	(152,565)	(182,065)	(29,500)
OTHER FINANCING SOURCES,				
Proceeds from issuance of long-term debt	-	-	24,940	(24,940)
Net change in fund balances	-	(152,565)	(157,125)	(4,560)
Fund balances - beginning	165,784	165,784	165,784	-
Fund balances - ending	<u>\$ 165,784</u>	<u>\$ 13,219</u>	<u>\$ 8,659</u>	<u>\$ (4,560)</u>