

CITY OF BUCKNER, MISSOURI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

CITY OF BUCKNER, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
City of buckner, Missouri

Report on the Financial Statements

We were engaged to audit the accompanying modified cash-basis financial statements of the governmental activities, business-type activities, and each major fund of the City of Buckner, Missouri (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash-basis of accounting described in Note 1. This includes determining that the modified cash-basis of accounting is an acceptable basis for the presentation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The City has not maintained or updated its fixed asset records for financial reporting purposes for the years 2005 through 2015. In addition, there were significant adjusting journal entries needed to balance the funds since the City's accounting software system has been recording entries across funds without recording the appropriate transfer or due to/from the corresponding fund. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded assets and the elements making up the statement of activities, the statements of revenue, expenditures, and changes in fund balance for governmental funds, nor the statement of revenues, expenses, and changes in the net position for the proprietary funds.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on these financial statements.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Buckner, Missouri's basic financial statements. The Missouri Local Government Employees Retirement System and budgetary comparison information are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Missouri Local Government Employees Retirement System presented on page 33 and 34 and budgetary comparison information on pages 37 through 44 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This supplementary 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.

Basis of Accounting

We draw attention on Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Troutt, Beeman & Co., P.C.

Harrisonville, Missouri
July 5, 2018

CITY OF BUCKNER, MISSOURI

STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
SEPTEMBER 30, 2017

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and equivalents	\$ 273,567	\$ 395,196	\$ 668,763
Due from other funds	24,693	-	24,693
Capital assets:			
Land	15,356	212,438	227,794
Improvements	374,104	1,010,109	1,384,213
Buildings & Equipment	2,150,127	2,672,193	4,822,320
Machinery, equipment, and furniture	434,302	-	434,302
Less: accumulated depreciation	(489,832)	(3,435,022)	(3,924,854)
Total capital assets	<u>2,484,057</u>	<u>459,718</u>	<u>2,943,775</u>
Total assets	<u>\$ 2,782,317</u>	<u>\$ 854,914</u>	<u>\$ 3,637,231</u>
LIABILITIES			
Due to other funds	10,506	14,187	24,693
Liabilities payable from restricted assets	-	65,605	65,605
Long-term liabilities:			
Due within one year,			
Bonds, notes payable, and capital leases	50,342	36,969	87,311
Due in more than one year,			
Bonds, notes payable, and capital leases	<u>1,166,513</u>	<u>247,422</u>	<u>1,413,935</u>
Total liabilities	<u>1,227,361</u>	<u>364,183</u>	<u>1,591,544</u>
NET POSITION			
Net investment in capital assets	1,267,202	175,327	1,442,529
Restricted for:			
Capital improvements	70,368	-	70,368
Parks	21,586	-	21,586
Public safety	2,468	-	2,468
Road & streets	26,541	-	26,541
Court bonds	21,073	-	21,073
Unrestricted	<u>145,718</u>	<u>315,404</u>	<u>461,122</u>
Total net position	<u>1,554,956</u>	<u>490,731</u>	<u>2,045,687</u>
Total liabilities and net position	<u>\$ 2,782,317</u>	<u>\$ 854,914</u>	<u>\$ 3,637,231</u>

See accompanying notes.

CITY OF BUCKNER, MISSOURI
STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 559,432	\$ 56,870	\$ 1,471	\$ -	\$ (501,091)	\$ -	\$ (501,091)
Police and court	678,701	250,233	4,498	-	(423,970)	-	(423,970)
Road and street	134,519	-	124,121	-	(10,398)	-	(10,398)
Parks	-	-	-	-	-	-	-
Interest on long-term debt	55,678	-	-	-	(55,678)	-	(55,678)
Total governmental activities	<u>1,428,330</u>	<u>307,103</u>	<u>130,090</u>	<u>-</u>	<u>(991,137)</u>	<u>-</u>	<u>(991,137)</u>
Business-type activities,							
Water and sewer	<u>652,604</u>	<u>656,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,597</u>	<u>3,597</u>
Total primary government	<u>\$ 2,080,934</u>	<u>\$ 963,304</u>	<u>\$ 130,090</u>	<u>\$ -</u>	<u>\$ (991,137)</u>	<u>\$ 3,597</u>	<u>\$ (987,540)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					154,214	-	154,214
Franchise taxes					241,693	-	241,693
Sales taxes					466,973	-	466,973
Investment earnings					983	344	1,327
Miscellaneous					3,096	75	3,171
Transfers in/(out)					256,702	(251,437)	5,265
Total general revenues					<u>1,123,661</u>	<u>(251,018)</u>	<u>872,643</u>
Change in net position					132,524	(247,421)	(114,897)
Net position - beginning					1,422,432	738,152	2,160,584
Net position - ending					<u>\$ 1,554,956</u>	<u>\$ 490,731</u>	<u>\$ 2,045,687</u>

See accompanying notes.

CITY OF BUCKNER, MISSOURI

**BALANCE SHEET-- MODIFIED CASH BASIS --
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	<u>General Fund</u>	<u>Taxes Fund</u>	<u>Street Fund</u>	<u>NonMajor Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
ASSETS:					
Cash	\$ 152,604	\$ -	\$ 26,541	\$ 94,422	\$ 273,567
Due from other funds	24,057	-	636	-	24,693
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 176,661	\$ -	\$ 27,177	\$ 94,422	\$ 298,260
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES,					
Due to other fund	\$ 10,506	\$ -	\$ -	\$ -	\$ 10,506
FUND BALANCES:					
Restricted:					
Parks	-	-	-	21,586	21,586
Capital improvements	-	-	-	70,368	70,368
Public safety	-	-	-	2,468	2,468
Road & street	-	-	25,905	-	25,905
Court Bonds	21,073	-	-	-	21,073
Unassigned	145,082	-	1,272	-	146,354
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	166,155	-	27,177	94,422	287,754
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 176,661	\$ -	\$ 27,177	\$ 94,422	\$ 298,260
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes.

CITY OF BUCKNER, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET --
MODIFIED CASH BASIS -- TO THE STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
SEPTEMBER 30, 2017

Fund balances - total governmental funds \$ 287,754

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 2,484,057

Long-term liabilities (such as Notes Payable, Capital Lease Contracts Payable, and Bonds Payable), 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. (1,216,855)

Net Position of governmental activities in the Statement of Net Position \$ 1,554,956

See accompanying notes .

CITY OF BUCKNER, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE --
MODIFIED CASH BASIS -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Taxes Fund	Street Fund	NonMajor Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 378,187	\$ 104,596	\$ 93,454	\$ 44,950	\$ 621,187
Intergovernmental	4,498	-	124,121	-	128,619
Licenses, fees, and permits	32,065	-	-	-	32,065
Franchise Fees	241,693	-	-	-	241,693
Fines and Forfeitures	250,233	-	-	-	250,233
Charges for services	22,950	-	-	-	22,950
Interest	825	-	-	158	983
Other	3,395	-	26	3,001	6,422
	<u>933,846</u>	<u>104,596</u>	<u>217,601</u>	<u>48,109</u>	<u>1,304,152</u>
EXPENDITURES:					
General government	459,621	-	-	200	459,821
Parks	32,659	-	-	3,398	36,057
Police	542,233	-	-	3,599	545,832
Municipal court	132,359	-	-	-	132,359
Street	-	-	132,714	-	132,714
Capital outlay	6,675	-	54,806	65,902	127,383
Debt service:					
Principal	25,360	-	21,069	-	46,429
Interest and fiscal charges	53,200	-	2,478	-	55,678
	<u>1,252,107</u>	<u>-</u>	<u>211,067</u>	<u>73,099</u>	<u>1,536,273</u>
Excess of expenditures over revenues	<u>(318,261)</u>	<u>104,596</u>	<u>6,534</u>	<u>(24,990)</u>	<u>(232,121)</u>
OTHER FINANCING SOURCES (USES),					
Transfers in (out)	<u>382,229</u>	<u>(104,596)</u>	<u>(115,440)</u>	<u>94,510</u>	<u>256,703</u>
Total other financing uses	<u>382,229</u>	<u>(104,596)</u>	<u>(115,440)</u>	<u>94,510</u>	<u>256,703</u>
Net change in fund balance	63,968	-	(108,906)	69,520	24,582
FUND BALANCE - beginning	<u>102,187</u>	<u>-</u>	<u>136,083</u>	<u>24,902</u>	<u>263,172</u>
FUND BALANCE - ending	<u>\$ 166,155</u>	<u>\$ -</u>	<u>\$ 27,177</u>	<u>\$ 94,422</u>	<u>\$ 287,754</u>

See accompanying notes.

CITY OF BUCKNER, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS -- MODIFIED CASH BASIS --
TO THE STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds \$ 24,582

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	127,383
Depreciation expense	<u>(65,870)</u>
	61,513

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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Repayment of principal	<u>46,429</u>
	46,429

Change in Net Position of governmental activities in the Statement of Activities \$ 132,524

See accompanying notes.

CITY OF BUCKNER, MISSOURI

**STATEMENT OF NET POSITION -- MODIFIED CASH BASIS --
 PROPRIETARY FUND
 SEPTEMBER 30, 2017**

ASSETS:

Current assets:	
Cash	\$ 395,196
Total current assets	395,196
Non-current assets:	
Capital assets:	
Land	212,438
Buildings & Equipment	2,672,193
Improvements	1,010,109
Total capital assets at cost	3,894,740
Less: accumulated depreciation	3,435,022
Capital assets, net	459,718
Total non-current assets	459,718
Total assets	\$ 854,914

LIABILITIES:

Current liabilities:	
Due to other funds	\$ 14,187
Meter deposits	65,605
Capital lease obligation	36,969
Total current liabilities	116,761
Non-current liabilities,	
Capital lease obligation	247,422
Total non-current liabilities	247,422
Total liabilities	364,183

NET POSITION:

Net investment in capital assets	175,327
Unrestricted	315,404
Total net position	490,731
Total liabilities and net position	\$ 854,914

See accompanying notes.

CITY OF BUCKNER, MISSOURI
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION --
MODIFIED CASH BASIS -- PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

OPERATING REVENUES,	
Charges for services	<u>\$ 656,201</u>
OPERATING EXPENSES:	
Salaries	250,150
Repairs and maintenance	45,266
Utilities	39,192
Water purchases	170,597
Contract services	31,749
Supplies	34,257
Depreciation and amortization	56,384
Administration	<u>25,009</u>
Total Operating Expenses	<u>652,604</u>
Income from operations	<u>3,597</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest income	344
Other	75
Transfers Out	<u>(251,437)</u>
Total Nonoperating Revenue/(Expenses)	<u>(251,018)</u>
Decrease in net position	(247,421)
TOTAL NET POSITION - beginning	<u>738,152</u>
TOTAL NET POSITION - ending	<u><u>\$ 490,731</u></u>

See accompanying notes.

CITY OF BUCKNER, MISSOURI

**STATEMENT OF CASH FLOWS -- MODIFIED CASH BASIS --
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from customers	\$ 656,201
Payments to employees and fringe benefits	(250,150)
Payments for operations	<u>(331,502)</u>
Net cash provided by operating activities	<u>74,549</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers	<u>(251,437)</u>
Net cash provided by noncapital financing activities	<u>(251,362)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from capital debt	<u>284,391</u>
Net cash used by capital and related financing activities	<u>284,391</u>
CASH FLOWS FROM INVESTING ACTIVITIES,	
Investment income	<u>344</u>
Net cash provided by investing activities	<u>344</u>
Net increase in cash and cash equivalents	107,922
Cash and cash equivalents, beginning of the year	<u>287,274</u>
Cash and cash equivalents, end of the year	<u>\$ 395,196</u>
Reconciliation of operating income to net cash provided by operating activities,	
Operating income	<u>\$ 3,597</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	56,384
Miscellaneous nonoperating income	
Changes in assets and liabilities:	
Accounts payable and accrued liabilities	<u>381</u>
Total adjustments	<u>70,952</u>
Net cash provided by operating activities	<u>\$ 74,549</u>

See accompanying notes.

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Buckner, Missouri (the City), have been prepared on a modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) 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: Buckner, Missouri, is a fourth class city in which citizens elect the mayor and six board of aldermen members. The accompanying financial statements present the City's primary government and any component unit 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.

Government-Wide and Fund Financial Statements: The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City. *Governmental activities*, which are normally supported by taxes and governmental revenues, are reported separately from *business-type activities*, which rely 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. 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.

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement focus, Basis of accounting, and Basis of Presentation:

The government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected), and certain liabilities and their related expense (such as accounts payable and expenses for goods and services received but not yet paid) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

The City 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, municipal court, and basic services such as finance and data processing, personnel and general administration of the City.

The Street Fund accounts for the sales tax collected to be used for road and bridge projects within the City and operation and maintenance of the City's streets, curbs, etc.

The Tax Fund accumulates sales taxes to be used for debt service.

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement focus, Basis of accounting, and Basis of Presentation (Continued):

The City reports the following non-major governmental funds:

The Park Board Concessions Fund accounts for park concession sales and expenses.

The Park Capital Improvements Fund accumulates sales tax to be used for capital projects for the parks.

The Christmas in the Park Fund accumulates donations from the holiday lighting display and expenses for the operation of the display.

The Asset Forfeiture Fund accounts for the sale of forfeited assets used to finance police expenditures.

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 reports the following proprietary fund:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets: Budgets for the City are prepared and adopted on the modified cash basis (budget basis) for all governmental and proprietary funds. The City Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. The fund level constitutes the City's legal level of budgetary control. Reported budget amounts are as originally adopted or amended by Board resolution. Annual operating budgets are adopted for the General and Proprietary Funds. Appropriations lapse at fiscal year-end, but may be reappropriated in the following fiscal year.

The actual results of operations are presented in comparison to the budgets on the Budgetary Comparison Schedule -- Modified Cash Basis for Major Governmental funds, Non-Major Governmental funds and the Proprietary fund. The actual results are presented in accordance with the modified cash basis (budget basis) of accounting.

Pooled Cash and Temporary Investments: Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which are managed by the City Clerk. Investments of the pooled accounts consist primarily of certificates of deposit carried at cost. Interest income earned is allocated to contributing funds based on cash and temporary investment balances. Missouri state law permits the City to invest in prime money market instruments and securities, such as U.S. Government obligations, repurchase agreements, Missouri bank certificates of deposit, demand accounts, and savings accounts. As of September 30, 2017, the City had cash in demand deposits, money market instruments, and savings accounts.

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 with a maturity of three months or less when purchased are considered to be cash equivalent.

Capital Assets: The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Capital Assets (Continued): In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable. The City did not record any capital asset activity from 2004 through 2015, which was one basis for the disclaimer of opinion. Historical cost was used to value the majority of the assets acquired prior to September 30, 2004 and those acquired since October 1, 2016.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings and processing facilities	30-40 years
Improvements	10-39 years
Machinery and equipment	5-25 years
Transmission lines and mains	30 years

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

In the fund financial statements, capital assets arising from cash transactions acquired for use in the governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in the proprietary fund operations are accounted for the same as in the government-wide statements.

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

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 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: Consists of the net amount of the assets 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 net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position 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.

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 Aldermen-the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Equity (Continued):

Assigned fund balance - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Aldermen 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 specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

Operating Revenues and Expenses: Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Use of Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS:

At September 30, 2017, the carrying amount of the City's demand deposits in financial institutions was \$387,102. The bank balances of demand deposits were fully insured.

Interest Rate Risk:

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City generally intends to buy and hold the securities in its portfolios, and to sell only when a gain is present or when a swap that offers substantial economic gain is available. During the next fiscal year, the City does not intend to sell any securities at a loss in order to meet cash requirements.

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer.

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by statutes and approved by the State. The City may purchase any investments allowed by the State Treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (b) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

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.

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

Custodial Credit Risk:

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

Concentration of Credit Risk:

A reconciliation of cash and cash equivalents is as follows:

Cash on hand	\$ 1,421
Demand deposits	386,454
Money markets	<u>280,888</u>
 Total	 <u>\$ 668,763</u>

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

3. PROPERTY AND EQUIPMENT:

Capital asset activity, resulting from modified cash basis transactions, for the year ended September 30, 2017:

	<u>Balance at</u> <u>10/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>9/30/2017</u>
Governmental activities:				
Capital assets not being depreciated,				
Land	\$ 15,356	\$ -	\$ -	\$ 15,356
Total not being depreciated	<u>15,356</u>	<u>-</u>	<u>-</u>	<u>15,356</u>
Capital assets being depreciated:				
Improvements	345,696	28,408	-	374,104
Buildings	2,147,927	2,200	-	2,150,127
Machinery, equipment, and furniture	<u>337,527</u>	<u>96,775</u>	<u>-</u>	<u>434,302</u>
Total being depreciated	<u>2,831,150</u>	<u>127,383</u>	<u>-</u>	<u>2,958,533</u>
Less accumulated depreciation for:				
Improvements	23,183	8,725	-	31,908
Buildings	63,252	54,363	-	117,615
Machinery, equipment, and furniture	<u>337,527</u>	<u>2,782</u>	<u>-</u>	<u>340,309</u>
Total accumulated depreciation	<u>423,962</u>	<u>65,870</u>	<u>-</u>	<u>489,832</u>
Capital assets being depreciated, net	<u>2,407,188</u>	<u>61,513</u>	<u>-</u>	<u>2,468,701</u>
Governmental capital assets, net	<u>\$ 2,422,544</u>	<u>\$ 61,513</u>	<u>\$ -</u>	<u>\$ 2,484,057</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental activities:	
General government	\$ 63,033
Parks	522
Police	510
Road and street	<u>1,805</u>
	<u>\$ 65,870</u>

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

3. PROPERTY AND EQUIPMENT (Continued):

Capital asset activity, resulting from modified cash basis transactions, for the year ended September 30, 2017:

	Balance at <u>10/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>9/30/2017</u>
Business-type activities:				
Capital assets not being depreciated,				
Land	\$ 212,438	\$ -	\$ -	\$ 212,438
Total not being depreciated	<u>212,438</u>	<u>-</u>	<u>-</u>	<u>212,438</u>
Capital assets being depreciated:				
Improvements	1,010,109	-	-	1,010,109
Buildings	2,147,480	-	-	2,147,480
Machinery, equipment, and furniture	<u>524,713</u>	<u>-</u>	<u>-</u>	<u>524,713</u>
Total being depreciated	<u>3,682,302</u>	<u>-</u>	<u>-</u>	<u>3,682,302</u>
Less accumulated depreciation for:				
Improvements	981,248	10,898	-	992,146
Buildings	1,921,240	45,257	-	1,966,497
Machinery, equipment, and furniture	<u>476,150</u>	<u>229</u>	<u>-</u>	<u>476,379</u>
Total accumulated depreciation	<u>3,378,638</u>	<u>56,384</u>	<u>-</u>	<u>3,435,022</u>
Capital assets being depreciated, net	<u>303,664</u>	<u>(56,384)</u>	<u>-</u>	<u>247,280</u>
Business-type capital assets, net	<u>\$ 516,102</u>	<u>\$ (56,384)</u>	<u>\$ -</u>	<u>\$ 459,718</u>

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

4. 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. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are solely the property of the participants. Investments are managed by the plan's trustee under several investment options. The choice of the investment option(s) is made by the participants.

5. PENSION PLAN:

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

General Information about the Pension Plan:

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

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

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

	2017 Valuation
Benefit Multiplier:	1%
Final Average Salary:	5 years
Member Contributions:	4%

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

Employees covered by benefit terms - At September 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	20
Active employees	15
	53
	53

Contributions - The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rates are 11.5% General and .7% Police of annual covered payroll.

Net Pension Liability - The employer's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Actuarial assumptions - The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage 2.5% price
Salary Increase	3.25% to 6.55%
Investment rate of return	7.25%

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used in the February 28, 2017, valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Strategic Assets	23.5%	3.42%

Discount rate - The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2016	\$ 1,518,000	\$ 1,457,678	\$ 60,322
Changes for the year:			
Service Cost	33,945		33,945
Interest	107,535		107,535
Difference between expected and actual experience	47,658		47,658
Changes of assumptions	(19,884)		(19,884)
Contributions - employer		35,565	(35,565)
Contributions - employee		24,295	(24,295)
Net investment income		180,964	(180,964)
Benefit payments, including refunds	(84,811)	(104,695)	19,884
Administrative expense		(2,949)	2,949
Other changes		28,051	(28,051)
Net changes	84,443	161,231	(76,788)
Balances at 6/30/2017	\$ 1,602,443	\$ 1,618,909	\$ (16,466)

Sensitivity of the net pension liability to changes in the discount rate - The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Total Pension Liability (TPL)	\$ 1,805,676	\$ 1,602,443	\$ 1,435,966
Plan Fiduciary Net Position	1,618,909	1,618,909	1,618,909
Net Position Liability/(Asset) (NPL)	\$ 186,767	\$ (16,466)	\$ (182,943)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2017, the employer recognized pension expense of \$11,591. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 29,975	\$ (28,999)
Differences in assumptions	15,236	-
Excess (deficit) investment returns	37,729	-
Total	\$ 82,940	\$ (28,999)

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

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

<u>Year Ending</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 37,641
2019	26,357
2020	5,140
2021	(15,197)
2022	-
Thereafter	-
	<u>\$ 53,941</u>

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT:

Changes in the City's governmental activities long-term liability balances for the year ended September 30, 2017, were as follows:

Governmental Activities					
	Balance September 1, 2016	Additions	Retirements	Balance September 30, 2017	Amounts Due Within One Year
Certificates of participation	\$ 1,175,379	\$ -	\$ 25,360	\$ 1,150,019	\$ 28,679
Capital leases	87,905	-	21,069	66,836	21,663
	<u>\$ 1,263,284</u>	<u>\$ -</u>	<u>\$ 46,429</u>	<u>\$ 1,216,855</u>	<u>\$ 50,342</u>

Changes in the City's business-type activities long-term liability balances for the year ended September 30, 2017, were as follows:

Business-Type Activities					
	Balance September 1, 2016	Additions	Retirements	Balance September 30, 2017	Amount Due Within One Year
Capital leases	\$ -	\$ 284,391	\$ -	\$ 284,391	\$ 36,969

Total City debt at September 30, 2017, consisted of the following:

Governmental fund certificates of participation,

\$1,200,000 Series 2014, tax-exempt certificates of participation,
due in annual installments of \$25,000 to \$119,000, through
June 1, 2034, interest at 4.55%.

\$ 1,150,019

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

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

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Certificates of Participation</u>
2018	28,679	52,009	80,688
2019	32,208	50,665	82,873
2020	35,960	49,157	85,117
2021	39,946	47,477	87,423
2022	44,178	45,612	89,790
2023-2027	293,958	192,809	486,767
2028-2032	445,071	111,273	556,344
2033-2034	<u>230,019</u>	<u>13,292</u>	<u>243,311</u>
	<u>\$ 1,150,019</u>	<u>\$ 562,294</u>	<u>\$ 1,712,313</u>

The certificates of participation debt agreement requires the City to submit its annual financial statements to the Electronic Municipal Market Access System within 180 days after year end. For the year ended September 30, 2017 the City had not complied with this requirement.

7. PROPERTY TAXES:

The assessed valuation of the tangible property for the purpose of local taxation as of July 12, 2016, was as follows:

Real estate	<u>\$ 25,837,716</u>
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The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2017, was as follows:

General Fund	<u>\$.6172</u>
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Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than October 31 and are due and payable at that time. All unpaid taxes levied by October 31 become delinquent January 1 of the following year.

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

8. SELF-INSURANCE:

The City is a member of MPR (formerly MARCIT), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in medical, dental, property, casualty, general liability, and workers' compensation insurance coverages. MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury strips, U.S. governmental agency obligations, and collateralized mortgage obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year; and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year; and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MPR at the time of such assessment. MPR was not in a deficit situation during the past year. MPR's financial statements are presented in its Comprehensive Annual Financial Report.

9. 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.

10. ENTERPRISE FUND SEGMENT INFORMATION:

Water and sewer services are primarily financed by user charges and are accounted for in the Enterprise Fund. Working capital for the year ended September 30, 2017, was \$278,435.

CITY OF BUCKNER, MISSOURI
NOTES TO FINANCIAL STATEMENTS

11. RECONCILIATION OF INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT:

	Governmental Activities	Business-type Activities
Capital assets, net of depreciation	\$ 2,484,057	\$ 459,718
Total debt	(1,216,855)	(284,391)
Invested in capital assets, net of related debt	\$ 1,267,202	\$ 175,327

12. CAPITAL LEASE:

Capital Lease Obligations: 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:

Asset		
Governmental, 2 trucks	\$	108,388
Business type, water meters		284,391
Total assets acquired	\$	392,779

Future minimum lease payments under the capital leases together with the present value of net minimum lease payments consist of the following:

Years ending September 30,	Governmental	Business Type
2018	23,547	45,879
2019	23,547	45,879
2020	23,546	45,879
2021	-	45,879
2022	-	45,878
2023-2024	-	91,756
	70,640	321,150
Less: amount representing interest	3,804	36,759
Present value of future minimum lease payments	\$ 66,836	\$ 284,391

CITY OF BUCKNER, MISSOURI

NOTES TO FINANCIAL STATEMENTS

13. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

For the year ended September 30, 2017, in violation of Missouri state statutes and the City's budgetary process, the City had actual expenditures in excess of budget in the following funds:

General Fund	\$	15,091
Street Fund		274
Proprietary Fund		1,501
	\$	<u>16,866</u>

For the year ended September 30, 2017, in violation of Missouri state statutes and the City's budgetary process, the City had a budgeted a deficit without adequate fund balance in the following funds:

General Fund	\$	187,272
Capital Improvement Fund		20,794
	\$	<u>208,066</u>

14. TAX ABATEMENTS:

The City of Buckner enters into property tax abatement agreement with a local business under Article VI, Sections 27 and 27(b), Missouri Constitution; Sections 100.10 to 100.200 RSMo. Industrial development bonds may be issued to finance the land, buildings, fixtures, and machinery for warehouses, distribution facilities, research and development facilities, office industries, service industries engaged in interstate commerce, industrial plants, and certain types of commercial development. Retail and service industries in intrastate commerce are not eligible. Under this agreement the assets of the project have to be held by the City.

For the year ended September 31, 2017, the City abated property taxes totaling \$3,766 under this program. The City was paid \$2,953 in PILOTS for a net abatement of \$813.

15. EVALUATION OF SUBSEQUENT EVENTS:

The City has evaluated subsequent events through July 5, 2018, the date which the financial statements were available to be issued.

CITY OF BUCKNER, MISSOURI

SUPPLEMENTARY INFORMATION

MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

Schedule of Changes in Net Pension Liability and Related Ratios
Last 3 Fiscal Years

<i>Fiscal year ending June 30,</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 33,945	\$ 35,982	\$ 31,973
Interest on the Total Pension Liability	107,535	105,170	105,634
Benefit Changes	-	-	-
Difference between expected and actual experience	47,658	(64,477)	(60,934)
Assumption Changes	(19,884)	52,276	-
Benefit Payments	(84,811)	(86,265)	(83,886)
Refunds	-	-	-
Net Change in Total Pension Liability	<u>84,443</u>	<u>42,686</u>	<u>(7,213)</u>
Total Pension Liability beginning	<u>1,518,000</u>	<u>1,475,314</u>	<u>1,482,527</u>
Total Pension Liability ending	<u>\$ 1,602,443</u>	<u>\$ 1,518,000</u>	<u>\$ 1,475,314</u>
 Plan Fiduciary Net Position			
Contributions-employer	\$ 35,565	\$ 35,843	\$ 50,314
Contributions-employee	24,295	18,999	23,441
Pension Plan Net Investment income	180,964	(3,895)	28,035
Benefit Payments	(104,695)	(86,265)	(83,886)
Refunds	-	-	-
Pension Plan Administrative expense	(2,949)	(3,196)	(3,355)
Other	28,051	21,965	(94,527)
Net Change in Plan Fiduciary Net Position	<u>161,231</u>	<u>(16,549)</u>	<u>(79,978)</u>
Plan Fiduciary Net Position beginning	<u>1,457,678</u>	<u>1,474,227</u>	<u>1,554,205</u>
Plan Fiduciary Net Position ending	<u>\$ 1,618,909</u>	<u>\$ 1,457,678</u>	<u>\$ 1,474,227</u>
 Employer Net Pension Liability	<u>\$ (16,466)</u>	<u>\$ 60,322</u>	<u>\$ 1,087</u>
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	101.03%	96.03%	99.93%
 Covered Employee Payroll	\$588,583	\$494,698	\$550,191
Employer's Net Pension Liability as a percentage of covered employee payroll	-2.80%	12.19%	0.20%

Notes to schedule:

Additional years will be added until 10 years are shown.

CITY OF BUCKNER, MISSOURI
 SUPPLEMENTARY INFORMATION
 MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
 SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contributor Contributions in relation to the actuarially determined contributor	\$34,331	\$34,275	\$46,020	\$58,096	\$54,003	\$57,290	\$68,111	\$89,983	\$138,606	\$89,152
Contribution deficiency (excess)	\$ -	\$ -	\$ 1,605.00	\$ 4,767.00	\$ -	\$ -	\$ -	\$ -	\$ 34,884.00	\$ 3,703.00
Covered-employee payroll	\$588,583	\$494,698	\$550,191	\$511,709	\$517,520	\$518,151	\$404,397	\$482,573	\$526,424	\$430,449
Contributions as a percentage of covered-employee payroll	5.83%	6.93%	8.1%	10.4%	10.43%	11.06%	16.84%	18.65%	19.70%	19.85%

Notes to Schedule

Valuation date February 28, 2017

Notes The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years.
Remaining amortization period	Multiple bases from 12 to 24 years
Asset valuation method	5 year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses
Retirement age	Experience-based table of rate that are specific to the type of eligibility condition
Mortality	RP-2014 mortality tables for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for males and females was established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale.

Other information None

CITY OF BUCKNER, MISSOURI
BALANCE SHEET-- MODIFIED CASH BASIS --
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Park Board Concession	Park Capital Improvements	Christmas in the Park	Asset Forfeiture Fund	Total Governmental Funds
ASSETS,					
Cash	\$ 16,171	\$ 70,368	\$ 5,415	\$ 2,468	\$ 94,422
FUND BALANCES:					
Restricted:					
Parks	16,171	-	5,415	-	21,586
Capital improvements	-	70,368	-	-	70,368
Public safety	-	-	-	2,468	2,468
Total fund balances	16,171	70,368	5,415	2,468	94,422
Total liabilities and fund balances	\$ 16,171	\$ 70,368	\$ 5,415	\$ 2,468	\$ 94,422

CITY OF BUCKNER, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE --
MODIFIED CASH BASIS -- OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Park Board Concession</u>	<u>Park Capital Improvements</u>	<u>Christmas in the Park</u>	<u>Asset Forfeiture Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes	\$ -	\$ 44,950	\$ -	\$ -	\$ 44,950
Interest	-	158	-	-	158
Other	1,855	-	1,146	-	3,001
	<u>1,855</u>	<u>45,108</u>	<u>1,146</u>	<u>-</u>	<u>48,109</u>
EXPENDITURES:					
General government	200	-	-	-	200
Police	-	-	-	3,599	3,599
Park	-	-	3,398	-	3,398
Capital outlay	-	65,902	-	-	65,902
	<u>200</u>	<u>65,902</u>	<u>3,398</u>	<u>3,599</u>	<u>73,099</u>
Excess of expenditures over revenues	<u>1,655</u>	<u>(20,794)</u>	<u>(2,252)</u>	<u>(3,599)</u>	<u>(24,990)</u>
OTHER FINANCING SOURCES,					
Transfers in	<u>192</u>	<u>91,162</u>	<u>3,156</u>	<u>-</u>	<u>94,510</u>
Net change in fund balance	1,847	70,368	904	(3,599)	69,520
FUND BALANCE - beginning	<u>14,324</u>	<u>-</u>	<u>4,511</u>	<u>6,067</u>	<u>24,902</u>
FUND BALANCE - ending	<u>\$ 16,171</u>	<u>\$ 70,368</u>	<u>\$ 5,415</u>	<u>\$ 2,468</u>	<u>\$ 94,422</u>

CITY OF BUCKNER, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 386,697	\$ 412,172	\$ 378,187	\$ (33,985)
Intergovernmental	-	-	4,498	4,498
Licenses, fees, and permits	48,828	32,065	32,065	-
Fines and Forfeitures	181,800	234,421	250,233	15,812
Franchise Fees	237,207	241,693	241,693	-
Charges for services	30,736	22,950	22,950	-
Interest	1,509	916	825	(91)
Other	-	3,340	3,395	55
	<u>886,777</u>	<u>947,557</u>	<u>933,846</u>	<u>(13,711)</u>
EXPENDITURES:				
General government	411,837	527,730	459,621	68,109
Police	581,534	544,269	542,233	2,036
Municipal court	137,467	132,359	132,359	-
Parks	37,649	32,658	32,659	(1)
Capital outlay	-	-	6,675	(6,675)
Debt service:				
Principal	-	-	25,360	(25,360)
Interest and fiscal charges	-	-	53,200	(53,200)
	<u>1,168,487</u>	<u>1,237,016</u>	<u>1,252,107</u>	<u>(15,091)</u>
Deficiency of revenues over expenditures	<u>(281,710)</u>	<u>(289,459)</u>	<u>(318,261)</u>	<u>(28,802)</u>
OTHER FINANCING SOURCES,				
Transfers in	-	-	382,229	(382,229)
Change in net assets	<u>\$ (281,710)</u>	<u>\$ (289,459)</u>	63,968	<u>\$ (411,031)</u>
FUND BALANCE - beginning			<u>102,187</u>	
FUND BALANCE - ending			<u>\$ 166,155</u>	

See accompanying notes.

CITY OF BUCKNER, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
TAXES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Taxes	\$ 100,000	\$ 104,597	\$ 104,596	\$ (1)
EXPENDITURES				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>104,597</u>	<u>104,596</u>	<u>(1)</u>
OTHER FINANCING SOURCES USES,				
Transfers out	<u>-</u>	<u>-</u>	<u>(104,596)</u>	<u>104,596</u>
Change in net assets	<u>\$ 100,000</u>	<u>\$ 104,597</u>	<u>\$ -</u>	<u>\$ 104,595</u>
FUND BALANCE - beginning			<u>-</u>	
FUND BALANCE - ending			<u>\$ -</u>	

See accompanying notes.

CITY OF BUCKNER, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
STREET FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 81,579	\$ 93,454	\$ 93,454	\$ -
Intergovernmental	114,661	124,121	124,121	-
Other	-	-	26	26
	<u>196,240</u>	<u>217,575</u>	<u>217,601</u>	<u>26</u>
EXPENDITURES:				
Street	170,000	187,246	132,714	54,532
Capital outlay	-	-	54,806	(54,806)
Debt service:				
Principal	26,000	23,547	21,069	2,478
Interest and fiscal charges	-	-	2,478	(2,478)
	<u>196,000</u>	<u>210,793</u>	<u>211,067</u>	<u>(274)</u>
Excess (deficiency) of revenues over expenditures	<u>240</u>	<u>6,782</u>	<u>6,534</u>	<u>(248)</u>
OTHER FINANCING SOURCES USES,				
Transfers out	-	-	(115,440)	115,440
Change in net assets	<u>\$ 240</u>	<u>\$ 6,782</u>	(108,906)	<u>\$ 115,192</u>
FUND BALANCE - beginning			<u>136,083</u>	
FUND BALANCE - ending			<u>\$ 27,177</u>	

See accompanying notes.

CITY OF BUCKNER, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 PARK BOARD CONCESSION FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Other	<u>\$ 3,500</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ -</u>
EXPENDITURES,				
General government	<u>1,850</u>	<u>200</u>	<u>200</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,650</u>	<u>1,655</u>	<u>1,655</u>	<u>-</u>
Change in net assets	<u>\$ 1,650</u>	<u>\$ 1,655</u>	1,847	<u>\$ (192)</u>
FUND BALANCE - beginning			<u>14,324</u>	
FUND BALANCE - ending			<u>\$ 16,171</u>	

CITY OF BUCKNER, MISSOURI

**BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
PARK CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ -	\$ 44,950	\$ 44,950	\$ -
Interest	<u>-</u>	<u>158</u>	<u>158</u>	<u>-</u>
	<u>-</u>	<u>45,108</u>	<u>45,108</u>	<u>-</u>
EXPENDITURES,				
Capital outlay	<u>-</u>	<u>65,902</u>	<u>65,902</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(20,794)</u>	<u>(20,794)</u>	<u>-</u>
OTHER FINANCING SOURCES,				
Transfers in	<u>-</u>	<u>-</u>	<u>91,162</u>	<u>(91,162)</u>
Change in net assets	<u>\$ -</u>	<u>\$ (20,794)</u>	70,368	<u>\$ (91,162)</u>
FUND BALANCE - beginning			<u>-</u>	
FUND BALANCE - ending			<u>\$ 70,368</u>	

CITY OF BUCKNER, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 CHRISTMAS IN THE PARK FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Other	\$ 5,965	\$ 1,146	\$ 1,146	\$ -
EXPENDITURES,				
Parks	6,242	3,398	3,398	-
Excess (deficiency) of revenues over expenditures	(277)	(2,252)	(2,252)	-
OTHER FINANCING SOURCES (USES),				
Transfers out	-	-	3,156	(3,156)
Change in net assets	\$ (277)	\$ (2,252)	904	\$ (3,156)
FUND BALANCE - beginning			4,511	
FUND BALANCE - ending			\$ 5,415	

CITY OF BUCKNER, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 ASSET FORFEITURE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES, Police	-	3,600	3,599	1
Excess (deficiency) of revenues over expenditures	-	(3,600)	(3,599)	1
Change in net assets	\$ -	\$ (3,600)	(3,599)	\$ 1
FUND BALANCE - beginning			6,067	
FUND BALANCE - ending			\$ 2,468	

CITY OF BUCKNER, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 PROPRIETARY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES,				
Charges for services	\$ 654,228	\$ 656,201	\$ 656,201	\$ -
OPERATING EXPENSES:				
Salaries	265,353	250,150	250,150	-
Contract services	81,500	31,749	31,749	-
Utilities	39,915	39,192	39,192	-
Water purchases	186,850	170,597	170,597	-
Repairs and maintenance	53,000	45,266	45,266	-
Supplies	56,550	34,257	34,257	-
Depreciation	-	-	56,384	(56,384)
Administration	18,898	23,508	25,009	(1,501)
	<u>702,066</u>	<u>594,719</u>	<u>652,604</u>	<u>(57,885)</u>
Income from operations	<u>(47,838)</u>	<u>61,482</u>	<u>3,597</u>	<u>(57,885)</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income	-	344	344	-
Other	-	-	75	75
Transfers out	-	-	(251,437)	(251,437)
	<u>-</u>	<u>344</u>	<u>(251,018)</u>	<u>(251,362)</u>
Change in net assets	<u>\$ (47,838)</u>	<u>\$ 61,826</u>	<u>(247,421)</u>	<u>\$ (309,247)</u>
TOTAL NET ASSETS - beginning			<u>738,152</u>	
TOTAL NET ASSETS - ending			<u>\$ 490,731</u>	

See accompanying notes.