

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
CITY OF BUTLER
DEKALB COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
12/14/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Angela M. Eck	01-01-08 to 12-31-11
Mayor	Floyd C. Coburn Ronald L. Walter	01-01-08 to 05-17-09 06-16-09 to 12-31-11
Chairman of the Board of Public Works and Safety	Floyd C. Coburn (Vacant) Ronald L. Walter	01-01-08 to 05-17-09 05-18-09 to 06-15-09 06-16-09 to 12-31-11
President of the Common Council	Ronald L. Walter (Vacant) Eric Johnson	01-01-08 to 05-18-09 05-19-09 to 07-05-09 07-06-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF BUTLER, DEKALB COUNTY, INDIANA

We have examined the financial information presented herein of the City of Butler (City), for the period of January 1, 2008 to December 31, 2008. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 28, 2009

CITY OF BUTLER
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 246,403	\$ 1,090,127	\$ 1,060,773	\$ 275,757
Motor Vehicle Highway	88,002	315,528	305,194	98,336
Local Road and Street	4,288	12,568	10,000	6,856
Park and Recreation	21,526	88,832	72,343	38,015
Park and Recreation Donation Fund	(131)	141	-	10
Law Enforcement Continuing Education	7,322	2,465	1,028	8,759
Clerk's Record Perpetuation	42,397	8,284	4,043	46,638
Unsafe Building Fund	20,980	4,709	-	25,689
Riverboat	39,081	18,801	15,000	42,882
Historic Preservation Grant	10,921	242	-	11,163
Rainy Day	59,196	56,544	-	115,740
Click It or Tick It	10	-	-	10
Fire Cost Recovery	28,167	1,843	1,200	28,810
Recycling Fund	105	-	-	105
County Drug Free Grant Fund	1,500	-	1,480	20
Redevelopment Commission	35,567	2,232	1,508	36,291
Police Donation	5,449	2,536	5,342	2,643
Garbage Collection	4,479	126,736	127,343	3,872
Cemetery Trust	2,653	2,922	-	5,575
South Side Park Fund	4,931	196	-	5,127
Community Development Revolving Loan Fund	59,351	136	-	59,487
Fire Donation	20,000	759	-	20,759
Library Federal Grant Project	-	434,991	434,991	-
Cumulative Capital Improvement	31,660	9,654	10,000	31,314
Cumulative Capital Development	18,130	33,682	43,263	8,549
Park Equipment Fund	42,381	16,390	1,191	57,580
Cumulative Fire Fund	356,849	44,931	-	401,780
County Economic Development Income Tax	1,851	145,540	98,438	48,953
Thompson Block	283,692	84,261	33,109	334,844
Fire Station Building	30,124	81,232	13,725	97,631
Proprietary Funds:				
Water Utility - Operating	27,204	357,453	377,597	7,060
Water Utility - Bond and Interest	50	63,278	63,208	120
Water Utility - Depreciation	4,844	-	4,000	844
Water Utility - Customer Deposit	14,505	6,817	5,567	15,755
Water Utility - Capacity Fee	43,218	2,964	17,200	28,982
Water Utility - Construction	1,123,124	2,956	444,764	681,316
Water Utility - Debt Service Reserve	63,252	523	-	63,775
Wastewater Utility - Operating	216,353	1,162,826	1,325,280	53,899
Wastewater Utility - Bond and Interest	56,358	346,195	345,647	56,906
Wastewater Utility - Depreciation	118,543	27,292	-	145,835
Wastewater Utility - SDI Replacement	116,425	15,664	3,000	129,089
Wastewater Utility - Debt Service Reserve	367,300	3,202	-	370,502
Wastewater Utility - Capacity Fee	28,061	95,857	-	123,918
Wastewater Utility - Improvement	29,764	218	-	29,982
Wastewater Utility - Customer Deposit	-	850	-	850
Wastewater Utility - Cash Reserve Fund	40,000	-	-	40,000
Wastewater Utility - Debt Service Charge	7,540	173,309	173,150	7,699
Fiduciary Funds:				
Payroll Deduction	1,403	16,780	18,458	(275)
FICA	-	104,798	104,798	-
Federal Withholding Tax	2	91,232	91,232	2
State Withholding Tax	24	31,580	30,623	981
County Withholding Tax	2	12,906	12,303	605
Garnishment	64	14,713	14,364	413
77 Police and Fire Fund	1,700	-	1,700	-
Police Pension	136,069	4,301	25,761	114,609
User Fee	6,783	79,369	79,344	6,808
Police Department	1	-	1	-
City Court	17,370	602,168	602,651	16,887
Totals	\$ 3,886,843	\$ 5,803,533	\$ 5,980,619	\$ 3,709,757

The accompanying notes are an integral part of the schedules.

CITY OF BUTLER
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety, highways and streets, culture and recreation, public improvements, planning and zoning, urban development, water, wastewater, and general administrative services.

These financial statements present the City (primary government). There are no significant component units which require inclusion.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

CITY OF BUTLER
NOTES TO FINANCIAL INFORMATION
(Continued)

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

CITY OF BUTLER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets will not be done.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 218,182
Infrastructure	1,327,543
Buildings	478,407
Improvements other than buildings	190,535
Machinery and equipment	1,648,631
Construction in progress	<u>35,394</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 3,898,692</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 55,583
Buildings	465,257
Improvements other than buildings	1,636,702
Machinery and equipment	<u>539,918</u>
 Total Water Utility capital assets	 <u>2,697,460</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	17,890
Buildings	493,313
Improvements other than buildings	8,499,953
Machinery and equipment	<u>690,016</u>
 Total Wastewater Utility capital assets	 <u>9,701,172</u>
 Total business-type activities capital assets	 <u><u>\$ 12,398,632</u></u>

CITY OF BUTLER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
2006 Waterworks improvements	\$ 755,000	\$ 61,969
Wastewater Utility:		
Revenue bonds:		
1996 Wastewater expansion	1,615,000	192,580
2000 Wastewater expansion	1,310,000	152,968
Notes and loans payable:	<u>5,316</u>	<u>2,238</u>
Total Wastewater Utility	<u>2,930,316</u>	<u>347,786</u>
Total business-type activities debt	<u>\$ 3,685,316</u>	<u>\$ 409,755</u>

CITY OF BUTLER
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2009, with Angela M. Eck, Clerk-Treasurer; and Jerry Eldridge, City Council member. Our examination disclosed no material items that warrant comment at this time.