

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF BUTLER

DEKALB COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
03/20/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Angela M. Eck	01-01-08 to 12-31-15
Mayor	Ronald L. Walter	06-16-09 to 12-31-15
President of the Board of Public Works and Safety	Ronald L. Walter	01-01-11 to 12-31-12
President of the Common Council	Eric Johnson	01-01-11 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement of the City of Butler (City), for the period of January 1, 2011 to December 31, 2011. The City's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management and Common Council, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 20, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were prepared by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF BUTLER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 343,924	\$ 1,109,809	\$ 958,877	\$ 494,856
Motor Vehicle Highway	85,441	293,903	235,606	143,738
Local Road and Street	1,854	11,834	-	13,688
Law Enforcement Continuing Education	11,263	2,924	388	13,799
Clerk's Record Perpetuation	50,523	7,726	2,452	55,797
Unsafe Building	26,416	7,076	8,687	24,805
Riverboat	53,143	17,403	11,042	59,504
Park and Recreation	56,576	73,957	72,854	57,679
Rainy Day	186,673	1,195	-	187,868
Levy Excess	2,802	-	-	2,802
Fire Territory Operating	30,827	260,090	172,642	118,275
Cumulative Capital Development	-	26,626	10,016	16,610
Cumulative Fire Equipment	163,716	245,610	51,305	358,021
CEDIT	64,429	105,695	74,406	95,718
Cumulative Capital Improvements	36,322	8,071	680	43,713
Police Pension	145,888	34,452	28,626	151,714
Skate Park	2,500	-	-	2,500
Fire Donation	12,186	78	-	12,264
Park and Recreation Donation	50	450	-	500
Safe Kids Dekalb County	535	-	-	535
User Fee	-	108,190	108,189	1
Police Donation	3,238	3,761	1,544	5,455
Historic Preservation Grant	11,172	34	-	11,206
Operation Pullover	-	2,730	2,730	-
Fire Cost Recovery	24,065	503	1,250	23,318
Redevelopment Commission	38,044	240	992	37,292
Park Equipment	60,473	4,070	12,440	52,103
South Side Park	5,127	-	-	5,127
Community Development Revolving Loan	60,065	31	-	60,096
Thompson Block	262,179	56,436	13,697	304,918
Fire Station Building	7,361	-	7,361	-
Storm Sewer Project	154,489	483	9,900	145,072
Payroll Deduction	4,292	40,401	39,808	4,885
Federal Withholding Tax	-	97,863	97,863	-
State Withholding Tax	-	31,947	31,947	-
County Withholding Tax	-	13,190	13,190	-
Cemetery Trust	6,890	5,360	-	12,250
FICA	-	98,820	98,820	-
Garnishment	1,557	18,460	18,314	1,703
Street Sweeper Replacement	2,460	1,230	-	3,690
City Court	25,417	608,331	611,864	21,884
Storm Water Management Operating	18,428	10,815	6,469	22,774
Garbage Collection	3,899	124,037	123,661	4,275
Wastewater Operating	179,099	1,995,643	1,517,679	657,063
Wastewater Bond and Interest	-	379,198	379,198	-
Wastewater Depreciation	25,502	96,460	-	121,962
Wastewater Consumer Deposit	7,450	6,150	4,900	8,700
Wastewater Capacity Fee	438,600	2,809	-	441,409
Wastewater Improvement	764	-	-	764
Wastewater Cash Reserve	172,400	-	-	172,400
Wastewater Debt Service Charge	7,756	169,854	169,850	7,760
SDI Replacement	115,702	76,813	24,307	168,208
Wastewater Debt Service Reserve	319,000	-	-	319,000
Water Operating	21,764	509,808	494,018	37,554
Water Bond and Interest	148	59,491	59,492	147
Water Depreciation	12,855	24,152	12,000	25,007
Water Consumer Deposit	15,255	6,200	6,655	14,800
Water Capacity Fee	11,918	76	-	11,994
Water Cash Reserve	23,709	-	-	23,709
Water Debt Service Reserve	63,370	-	-	63,370
Totals	\$ 3,379,516	\$ 6,760,485	\$ 5,495,719	\$ 4,644,282

The notes to the financial statement are an integral part of this statement.

CITY OF BUTLER
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

CITY OF BUTLER
NOTES TO FINANCIAL STATEMENT
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

CITY OF BUTLER
NOTES TO FINANCIAL STATEMENT
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 STATEMENT
(Continued)

State statutes authorize 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 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the City. It is presented as intended by the City.

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General Fund	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Clerk's Record Perpetuation	Unsafe Building
Cash and investments - beginning	\$ 343,924	\$ 85,441	\$ 1,854	\$ 11,263	\$ 50,523	\$ 26,416
Receipts:						
Taxes	853,827	198,569	-	-	-	-
Licenses and permits	2,012	-	-	1,799	-	-
Intergovernmental	111,194	86,211	11,829	-	-	-
Charges for services	35,930	5,560	-	-	-	-
Fines and forfeits	102,010	-	-	1,044	7,384	6,911
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	4,836	3,563	5	81	342	165
Total receipts	<u>1,109,809</u>	<u>293,903</u>	<u>11,834</u>	<u>2,924</u>	<u>7,726</u>	<u>7,076</u>
Disbursements:						
Personal services	592,025	122,668	-	-	-	-
Supplies	71,800	38,781	-	-	152	-
Other services and charges	265,343	28,744	-	388	2,300	8,687
Capital outlay	29,303	45,413	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	406	-	-	-	-	-
Total disbursements	<u>958,877</u>	<u>235,606</u>	<u>-</u>	<u>388</u>	<u>2,452</u>	<u>8,687</u>
Excess (deficiency) of receipts over disbursements	<u>150,932</u>	<u>58,297</u>	<u>11,834</u>	<u>2,536</u>	<u>5,274</u>	<u>(1,611)</u>
Cash and investments - ending	<u>\$ 494,856</u>	<u>\$ 143,738</u>	<u>\$ 13,688</u>	<u>\$ 13,799</u>	<u>\$ 55,797</u>	<u>\$ 24,805</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Riverboat	Park and Recreation	Rainy Day	Levy Excess	Fire Territory Operating
Cash and investments - beginning	\$ 53,143	\$ 56,576	\$ 186,673	\$ 2,802	\$ 30,827
Receipts:					
Taxes	-	65,220	-	-	195,511
Licenses and permits	-	-	-	-	-
Intergovernmental	17,053	4,781	-	-	4,661
Charges for services	-	-	-	-	21,061
Fines and forfeits	-	280	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	350	3,676	1,195	-	38,857
Total receipts	<u>17,403</u>	<u>73,957</u>	<u>1,195</u>	<u>-</u>	<u>260,090</u>
Disbursements:					
Personal services	-	44,591	-	-	50,555
Supplies	-	7,071	-	-	34,881
Other services and charges	11,042	10,623	-	-	62,613
Capital outlay	-	10,569	-	-	24,593
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>11,042</u>	<u>72,854</u>	<u>-</u>	<u>-</u>	<u>172,642</u>
Excess (deficiency) of receipts over disbursements	<u>6,361</u>	<u>1,103</u>	<u>1,195</u>	<u>-</u>	<u>87,448</u>
Cash and investments - ending	<u>\$ 59,504</u>	<u>\$ 57,679</u>	<u>\$ 187,868</u>	<u>\$ 2,802</u>	<u>\$ 118,275</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Capital Development	Cumulative Fire Equipment	CEDIT	Cumulative Capital Improvements	Police Pension
Cash and investments - beginning	\$ -	\$ 163,716	\$ 64,429	\$ 36,322	\$ 145,888
Receipts:					
Taxes	24,775	177,883	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	1,830	4,276	105,216	7,826	33,527
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	21	63,451	479	245	925
Total receipts	<u>26,626</u>	<u>245,610</u>	<u>105,695</u>	<u>8,071</u>	<u>34,452</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	7,877	-	-
Capital outlay	10,000	51,305	66,529	680	-
Utility operating expenses	-	-	-	-	-
Other disbursements	16	-	-	-	28,626
Total disbursements	<u>10,016</u>	<u>51,305</u>	<u>74,406</u>	<u>680</u>	<u>28,626</u>
Excess (deficiency) of receipts over disbursements	<u>16,610</u>	<u>194,305</u>	<u>31,289</u>	<u>7,391</u>	<u>5,826</u>
Cash and investments - ending	<u>\$ 16,610</u>	<u>\$ 358,021</u>	<u>\$ 95,718</u>	<u>\$ 43,713</u>	<u>\$ 151,714</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Skate Park	Fire Donation	Park and Recreation Donation	Safe Kids DeKalb County	User Fee
Cash and investments - beginning	\$ 2,500	\$ 12,186	\$ 50	\$ 535	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	108,190
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	78	450	-	-
Total receipts	-	78	450	-	108,190
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	108,189
Total disbursements	-	-	-	-	108,189
Excess (deficiency) of receipts over disbursements	-	78	450	-	1
Cash and investments - ending	<u>\$ 2,500</u>	<u>\$ 12,264</u>	<u>\$ 500</u>	<u>\$ 535</u>	<u>\$ 1</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Police Donation	Historic Preservation Grant	Operation Pullover	Fire Cost Recovery	Redevelopment Commission
Cash and investments - beginning	\$ 3,238	\$ 11,172	\$ -	\$ 24,065	\$ 38,044
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	2,730	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	3,761	34	-	503	240
Total receipts	<u>3,761</u>	<u>34</u>	<u>2,730</u>	<u>503</u>	<u>240</u>
Disbursements:					
Personal services	-	-	2,730	-	-
Supplies	-	-	-	-	12
Other services and charges	1,544	-	-	-	980
Capital outlay	-	-	-	1,250	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>1,544</u>	<u>-</u>	<u>2,730</u>	<u>1,250</u>	<u>992</u>
Excess (deficiency) of receipts over disbursements	<u>2,217</u>	<u>34</u>	<u>-</u>	<u>(747)</u>	<u>(752)</u>
Cash and investments - ending	<u>\$ 5,455</u>	<u>\$ 11,206</u>	<u>\$ -</u>	<u>\$ 23,318</u>	<u>\$ 37,292</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Park Equipment	South Side Park	Community Development Revolving Loan	Thompson Block	Fire Station Building
Cash and investments - beginning	\$ 60,473	\$ 5,127	\$ 60,065	\$ 262,179	\$ 7,361
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	4,070	-	31	56,436	-
Total receipts	<u>4,070</u>	<u>-</u>	<u>31</u>	<u>56,436</u>	<u>-</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Capital outlay	12,440	-	-	13,697	7,361
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>12,440</u>	<u>-</u>	<u>-</u>	<u>13,697</u>	<u>7,361</u>
Excess (deficiency) of receipts over disbursements	<u>(8,370)</u>	<u>-</u>	<u>31</u>	<u>42,739</u>	<u>(7,361)</u>
Cash and investments - ending	<u>\$ 52,103</u>	<u>\$ 5,127</u>	<u>\$ 60,096</u>	<u>\$ 304,918</u>	<u>\$ -</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Storm Sewer Project	Payroll Deduction	Federal Withholding Tax	State Withholding Tax	County Withholding Tax
Cash and investments - beginning	\$ 154,489	\$ 4,292	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	483	40,401	97,863	31,947	13,190
Total receipts	<u>483</u>	<u>40,401</u>	<u>97,863</u>	<u>31,947</u>	<u>13,190</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	9,900	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	39,808	97,863	31,947	13,190
Total disbursements	<u>9,900</u>	<u>39,808</u>	<u>97,863</u>	<u>31,947</u>	<u>13,190</u>
Excess (deficiency) of receipts over disbursements	<u>(9,417)</u>	<u>593</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 145,072</u>	<u>\$ 4,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cemetery Trust	FICA	Garnishment	Street Sweeper Replacement	City Court
Cash and investments - beginning	\$ 6,890	\$ -	\$ 1,557	\$ 2,460	\$ 25,417
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	5,323	-	-	1,230	-
Fines and forfeits	-	-	-	-	608,331
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	37	98,820	18,460	-	-
Total receipts	<u>5,360</u>	<u>98,820</u>	<u>18,460</u>	<u>1,230</u>	<u>608,331</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	611,864
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	98,820	18,314	-	-
Total disbursements	<u>-</u>	<u>98,820</u>	<u>18,314</u>	<u>-</u>	<u>611,864</u>
Excess (deficiency) of receipts over disbursements	<u>5,360</u>	<u>-</u>	<u>146</u>	<u>1,230</u>	<u>(3,533)</u>
Cash and investments - ending	<u>\$ 12,250</u>	<u>\$ -</u>	<u>\$ 1,703</u>	<u>\$ 3,690</u>	<u>\$ 21,884</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Storm Water Management Operating	Garbage Collection	Wastewater Operating	Wastewater Bond and Interest	Wastewater Depreciation
Cash and investments - beginning	\$ 18,428	\$ 3,899	\$ 179,099	\$ -	\$ 25,502
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	10,669	120,508	1,966,037	-	-
Penalties	-	3,529	22,720	-	-
Other receipts	146	-	6,886	379,198	96,460
Total receipts	<u>10,815</u>	<u>124,037</u>	<u>1,995,643</u>	<u>379,198</u>	<u>96,460</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Capital outlay	6,450	-	58,671	-	-
Utility operating expenses	19	117,141	934,884	-	-
Other disbursements	-	6,520	524,124	379,198	-
Total disbursements	<u>6,469</u>	<u>123,661</u>	<u>1,517,679</u>	<u>379,198</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>4,346</u>	<u>376</u>	<u>477,964</u>	<u>-</u>	<u>96,460</u>
Cash and investments - ending	<u>\$ 22,774</u>	<u>\$ 4,275</u>	<u>\$ 657,063</u>	<u>\$ -</u>	<u>\$ 121,962</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Consumer Deposit	Wastewater Capacity Fee	Wastewater Improvement	Wastewater Cash Reserve	Wastewater Debt Service Charge
Cash and investments - beginning	\$ 7,450	\$ 438,600	\$ 764	\$ 172,400	\$ 7,756
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	6,150	2,809	-	-	169,854
Total receipts	<u>6,150</u>	<u>2,809</u>	<u>-</u>	<u>-</u>	<u>169,854</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	4,900	-	-	-	169,850
Total disbursements	<u>4,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,850</u>
Excess (deficiency) of receipts over disbursements	<u>1,250</u>	<u>2,809</u>	<u>-</u>	<u>-</u>	<u>4</u>
Cash and investments - ending	<u>\$ 8,700</u>	<u>\$ 441,409</u>	<u>\$ 764</u>	<u>\$ 172,400</u>	<u>\$ 7,760</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	SDI Replacement	Wastewater Debt Service Reserve	Water Operating	Water Bond and Interest	Water Depreciation
Cash and investments - beginning	\$ 115,702	\$ 319,000	\$ 21,764	\$ 148	\$ 12,855
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	465,153	-	-
Penalties	-	-	3,611	-	-
Other receipts	76,813	-	41,044	59,491	24,152
Total receipts	<u>76,813</u>	<u>-</u>	<u>509,808</u>	<u>59,491</u>	<u>24,152</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Capital outlay	-	-	84,938	-	12,000
Utility operating expenses	13,512	-	325,589	-	-
Other disbursements	10,795	-	83,491	59,492	-
Total disbursements	<u>24,307</u>	<u>-</u>	<u>494,018</u>	<u>59,492</u>	<u>12,000</u>
Excess (deficiency) of receipts over disbursements	<u>52,506</u>	<u>-</u>	<u>15,790</u>	<u>(1)</u>	<u>12,152</u>
Cash and investments - ending	<u>\$ 168,208</u>	<u>\$ 319,000</u>	<u>\$ 37,554</u>	<u>\$ 147</u>	<u>\$ 25,007</u>

CITY OF BUTLER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Consumer Deposit	Water Capacity Fee	Water Cash Reserve	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 15,255	\$ 11,918	\$ 23,709	\$ 63,370	\$ 3,379,516
Receipts:					
Taxes	-	-	-	-	1,515,785
Licenses and permits	-	-	-	-	3,811
Intergovernmental	-	-	-	-	391,134
Charges for services	-	-	-	-	69,104
Fines and forfeits	-	-	-	-	834,150
Utility fees	-	-	-	-	2,562,367
Penalties	-	-	-	-	29,860
Other receipts	6,200	76	-	-	1,354,274
Total receipts	<u>6,200</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>6,760,485</u>
Disbursements:					
Personal services	-	-	-	-	812,569
Supplies	-	-	-	-	152,697
Other services and charges	-	-	-	-	1,021,905
Capital outlay	-	-	-	-	435,199
Utility operating expenses	6,655	-	-	-	1,397,800
Other disbursements	-	-	-	-	1,675,549
Total disbursements	<u>6,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,495,719</u>
Excess (deficiency) of receipts over disbursements	<u>(455)</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>1,264,766</u>
Cash and investments - ending	<u>\$ 14,800</u>	<u>\$ 11,994</u>	<u>\$ 23,709</u>	<u>\$ 63,370</u>	<u>\$ 4,644,282</u>

CITY OF BUTLER
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
Decemeber 31, 2011

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.

	<u>Ending Balance</u>
Other:	
Capital assets, not being depreciated:	
Land	\$ 397,535
Infrastructure	2,418,729
Buildings	2,426,432
Improvements other than buildings	669,838
Machinery and equipment	2,051,430
Construction in progress	<u>565,051</u>
Total other capital assets	<u>8,529,015</u>
Water Utility:	
Capital assets, not being depreciated:	
Land	3,078
Buildings	396,280
Improvements other than buildings	2,332,011
Machinery and equipment	<u>239,647</u>
Total Water Utility capital assets	<u>2,971,016</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	15,390
Buildings	483,235
Improvements other than buildings	8,684,018
Machinery and equipment	<u>814,425</u>
Total Wastewater Utility capital assets	<u>9,997,068</u>
Total capital assets not being depreciated	<u><u>\$ 21,497,099</u></u>

CITY OF BUTLER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2011

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Thompson Block - City hall project	\$ 1,385,000	\$ 107,888
Total governmental activities debt	\$ 1,385,000	\$ 107,888
Business-type activities:		
Water Utility:		
Revenue bonds:		
2006 Waterworks improvements	\$ 665,000	\$ 63,252
Wastewater Utility:		
Revenue bonds:		
2009 Wastewater improvements	360,000	61,038
2010 Wastewater refunding	2,330,000	321,860
Total Wastewater Utility	2,690,000	382,898
Total business-type activities debt	\$ 3,355,000	\$ 446,150

CITY OF BUTLER
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2012, with Angela M. Eck, Clerk-Treasurer; Ronald L. Walter, Mayor; and Eric Johnson, President of Common Council. Our examination disclosed no material items that warrant comment at this time.