

**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, 2012 to December 31, 2012



**FILED**  
11/26/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Angela M. Eck	01-01-12 to 12-31-15
Mayor	Ronald L. Walter	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Ronald L. Walter	01-01-12 to 12-31-13
President of the Common Council	Eric Johnson	01-01-12 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the City of Butler (City), for the year ended December 31, 2012. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 Indiana 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. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the period of January 1, 2012 to December 31, 2012.

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, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

The City's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the City's response and, accordingly, we express no opinion on it.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

November 6, 2013

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved 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, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 494,856	\$ 1,075,674	\$ 1,119,548	\$ 450,982
Motor Vehicle Highway	143,738	334,669	336,812	141,595
Local Road and Street	13,688	12,728	12,641	13,775
Law Enforcement Continuing Education	13,799	2,571	2,349	14,021
Clerk's Record Perpetuation	55,797	7,862	9,183	54,476
Unsafe Building	24,805	5,245	5,249	24,801
Riverboat	59,504	16,117	26,603	49,018
Park and Recreation	57,679	73,980	85,767	45,892
Rainy Day	187,868	9,485	58,992	138,361
Levy Excess	2,802	7,991	-	10,793
Fire Territory Operating	118,275	193,444	177,899	133,820
Cumulative Capital Development	16,610	37,197	28,820	24,987
Cumulative Fire Equipment	358,021	176,758	41,760	493,019
CEDIT	95,718	120,759	114,410	102,067
Cumulative Capital Improvements	43,713	7,293	9,738	41,268
Police Pension	151,714	29,035	29,226	151,523
Skate Park	2,500	-	-	2,500
Fire Donation	12,264	3,442	3,332	12,374
Park and Recreation Donation	500	-	-	500
Safe Kids Dekalb County	535	-	-	535
User Fee	1	109,830	109,830	1
Police Donation	5,455	4,365	2,960	6,860
Historic Preservation Grant	11,206	-	11,206	-
Operation Pullover	-	1,869	960	909
Fire: Cost Recovery	23,318	96	-	23,414
Redevelopment Commission	37,292	151	1,104	36,339
Park Equipment	52,103	189	10,823	41,469
South Side Park	5,127	-	-	5,127
Community Development Revolving Loan	60,096	31	-	60,127
Thompson Block	304,918	120,115	265,461	159,572
Storm Sewer Project	145,072	362	3,935	141,499
Payroll Deduction	4,885	48,571	52,502	954
Federal Withholding Tax	-	102,360	105,220	(2,860)
State Withholding Tax	-	33,843	33,843	-
County Withholding Tax	-	14,067	14,067	-
Cemetery Trust	12,250	4,748	-	16,998
FICA	-	90,401	90,401	-
Garnishment - Child Support	1,703	19,172	18,160	2,715
Street Sweeper Replacement	3,690	1,230	-	4,920
City Court	21,884	430,847	429,403	23,328
Storm Water Management Operating	22,774	10,851	12	33,613
Garbage Collection	4,275	136,226	136,036	4,465
Wastewater Operating	657,063	1,992,807	2,117,848	532,022
Wastewater Bond and Interest	-	382,898	382,898	-
Wastewater Depreciation	121,962	96,715	-	218,677
Wastewater Consumer Deposit	8,700	6,200	4,950	9,950
Wastewater Capacity Fee	441,409	1,816	-	443,225
Wastewater Improvement	764	-	-	764
Wastewater Cash Reserve	172,400	355,000	-	527,400
Wastewater Debt Service Charge	7,760	171,885	174,900	4,745
SDI Replacement	168,208	22,441	10,968	179,681
Wastewater Debt Service Reserve	319,000	-	-	319,000
Water Operating	37,554	522,633	502,565	57,622
Water Bond and Interest	147	63,252	63,252	147
Water Depreciation	25,007	24,083	32,910	16,180
Water Consumer Deposit	14,800	6,200	5,650	15,350
Water Capacity Fee	11,994	29	10,000	2,023
Water Cash Reserve	23,709	-	23,000	709
Water Debt Service Reserve	63,370	-	-	63,370
<b>Totals</b>	<b>\$ 4,644,282</b>	<b>\$ 6,889,533</b>	<b>\$ 6,677,193</b>	<b>\$ 4,856,622</b>

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, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 include 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.

CITY OF BUTLER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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, 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, including penalties which include fees received for late payments.

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 include 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.

CITY OF BUTLER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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.

CITY OF BUTLER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**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

CITY OF BUTLER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**Note 7. Holding Corporation**

The City has entered into a capital lease with the Butler Municipal Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year 2012 totaled \$61,000.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report information 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 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, 2012

	General	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Clerk's Record Perpetuation	Unsafe Building	Riverboat
Cash and investments - beginning	\$ 494,856	\$ 143,738	\$ 13,688	\$ 13,799	\$ 55,797	\$ 24,805	\$ 59,504
Receipts:							
Taxes	519,415	247,531	-	-	-	-	-
Licenses and permits	929	-	-	-	-	-	-
Intergovernmental	410,320	79,317	12,689	-	-	-	15,900
Charges for services	35,716	2,048	-	1,720	7,640	-	-
Fines and forfeits	105,240	-	-	791	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	4,054	5,773	39	60	222	5,245	217
Total receipts	<u>1,075,674</u>	<u>334,669</u>	<u>12,728</u>	<u>2,571</u>	<u>7,862</u>	<u>5,245</u>	<u>16,117</u>
Disbursements:							
Personal services	666,140	131,404	-	-	-	-	-
Supplies	73,095	34,704	-	-	234	-	-
Other services and charges	285,157	26,115	-	2,349	2,300	5,249	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	70,665	144,589	12,641	-	6,649	-	13,603
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	24,491	-	-	-	-	-	13,000
Total disbursements	<u>1,119,548</u>	<u>336,812</u>	<u>12,641</u>	<u>2,349</u>	<u>9,183</u>	<u>5,249</u>	<u>26,603</u>
Excess (deficiency) of receipts over disbursements	<u>(43,874)</u>	<u>(2,143)</u>	<u>87</u>	<u>222</u>	<u>(1,321)</u>	<u>(4)</u>	<u>(10,486)</u>
Cash and investments - ending	<u>\$ 450,982</u>	<u>\$ 141,595</u>	<u>\$ 13,775</u>	<u>\$ 14,021</u>	<u>\$ 54,476</u>	<u>\$ 24,801</u>	<u>\$ 49,018</u>

CITY OF BUTLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Park and Recreation	Rainy Day	Levy Excess	Fire Territory Operating	Cumulative Capital Development	Cumulative Fire Equipment	CREDIT
Cash and investments - beginning	\$ 57,679	\$ 187,868	\$ 2,802	\$ 118,275	\$ 16,610	\$ 358,021	\$ 95,718
Receipts:							
Taxes	69,201	-	-	149,906	23,120	168,644	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,305	8,850	-	3,548	13,991	3,992	120,317
Charges for services	-	-	-	38,495	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	474	635	7,991	1,495	86	4,122	442
Total receipts	<u>73,980</u>	<u>9,485</u>	<u>7,991</u>	<u>193,444</u>	<u>37,197</u>	<u>176,758</u>	<u>120,759</u>
Disbursements:							
Personal services	55,424	-	-	51,274	-	-	-
Supplies	7,467	4,000	-	39,969	-	-	-
Other services and charges	10,317	-	-	59,456	-	-	9,280
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	12,559	54,992	-	27,200	14,820	41,760	45,130
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	14,000	-	60,000
Total disbursements	<u>85,767</u>	<u>58,992</u>	<u>-</u>	<u>177,899</u>	<u>28,820</u>	<u>41,760</u>	<u>114,410</u>
Excess (deficiency) of receipts over disbursements	<u>(11,787)</u>	<u>(49,507)</u>	<u>7,991</u>	<u>15,545</u>	<u>8,377</u>	<u>134,998</u>	<u>6,349</u>
Cash and investments - ending	<u>\$ 45,892</u>	<u>\$ 138,361</u>	<u>\$ 10,793</u>	<u>\$ 133,820</u>	<u>\$ 24,987</u>	<u>\$ 493,019</u>	<u>\$ 102,067</u>

CITY OF BUTLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Cumulative Capital Improvements	Police Pension	Skate Park	Fire Donation	Park and Recreation Donation	Safe Kids DeKalb County	User Fee
Cash and investments - beginning	\$ 43,713	\$ 151,714	\$ 2,500	\$ 12,264	\$ 500	\$ 535	\$ 1
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	7,119	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	109,830
Utility fees	-	-	-	-	-	-	-
Other receipts	174	29,035	-	3,442	-	-	-
Total receipts	7,293	29,035	-	3,442	-	-	109,830
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	1,776	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	9,738	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	29,226	-	1,556	-	-	109,830
Total disbursements	9,738	29,226	-	3,332	-	-	109,830
Excess (deficiency) of receipts over disbursements	(2,445)	(191)	-	110	-	-	-
Cash and investments - ending	\$ 41,268	\$ 151,523	\$ 2,500	\$ 12,374	\$ 500	\$ 535	\$ 1

CITY OF BUTLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Police Donation	Historic Preservation Grant	Operation Pullover	Fire: Cost Recovery	Redevelopment Commission	Park Equipment	South Side Park
Cash and investments - beginning	\$ 5,455	\$ 11,206	\$ -	\$ 23,318	\$ 37,292	\$ 52,103	\$ 5,127
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	1,869	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	4,365	-	-	96	151	189	-
Total receipts	<u>4,365</u>	<u>-</u>	<u>1,869</u>	<u>96</u>	<u>151</u>	<u>189</u>	<u>-</u>
Disbursements:							
Personal services	-	-	960	-	-	-	-
Supplies	1,083	-	-	-	-	-	-
Other services and charges	1,877	-	-	-	1,104	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	11,206	-	-	-	10,823	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>2,960</u>	<u>11,206</u>	<u>960</u>	<u>-</u>	<u>1,104</u>	<u>10,823</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,405</u>	<u>(11,206)</u>	<u>909</u>	<u>96</u>	<u>(953)</u>	<u>(10,634)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 6,860</u>	<u>\$ -</u>	<u>\$ 909</u>	<u>\$ 23,414</u>	<u>\$ 36,339</u>	<u>\$ 41,469</u>	<u>\$ 5,127</u>

CITY OF BUTLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Community Development Revolving Loan	Thompson Block	Storm Sewer Project	Payroll Deduction	Federal Withholding Tax	State Withholding Tax	County Withholding Tax
Cash and investments - beginning	\$ 60,096	\$ 304,918	\$ 145,072	\$ 4,885	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	31	120,115	362	48,571	102,360	33,843	14,067
Total receipts	31	120,115	362	48,571	102,360	33,843	14,067
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	10,489	3,935	-	-	-	-
Debt service - principal and interest	-	111,000	-	-	-	-	-
Capital outlay	-	143,972	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	52,502	105,220	33,843	14,067
Total disbursements	-	265,461	3,935	52,502	105,220	33,843	14,067
Excess (deficiency) of receipts over disbursements	31	(145,346)	(3,573)	(3,931)	(2,860)	-	-
Cash and investments - ending	\$ 60,127	\$ 159,572	\$ 141,499	\$ 954	\$ (2,860)	\$ -	\$ -

CITY OF BUTLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Cemetery Trust	FICA	Garnishment - Child Support	Street Sweeper Replacement	City Court	Storm Water Management Operating	Garbage Collection
Cash and investments - beginning	\$ 12,250	\$ -	\$ 1,703	\$ 3,690	\$ 21,884	\$ 22,774	\$ 4,275
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	4,683	-	-	1,230	-	-	136,226
Fines and forfeits	-	-	-	-	430,847	-	-
Utility fees	-	-	-	-	-	10,733	-
Other receipts	65	90,401	19,172	-	-	118	-
Total receipts	<u>4,748</u>	<u>90,401</u>	<u>19,172</u>	<u>1,230</u>	<u>430,847</u>	<u>10,851</u>	<u>136,226</u>
Disbursements:							
Personal services	-	-	-	-	-	-	6,495
Supplies	-	-	-	-	-	-	1,163
Other services and charges	-	-	-	-	429,403	-	128,378
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	12	-
Other disbursements	-	90,401	18,160	-	-	-	-
Total disbursements	<u>-</u>	<u>90,401</u>	<u>18,160</u>	<u>-</u>	<u>429,403</u>	<u>12</u>	<u>136,036</u>
Excess (deficiency) of receipts over disbursements	<u>4,748</u>	<u>-</u>	<u>1,012</u>	<u>1,230</u>	<u>1,444</u>	<u>10,839</u>	<u>190</u>
Cash and investments - ending	<u>\$ 16,998</u>	<u>\$ -</u>	<u>\$ 2,715</u>	<u>\$ 4,920</u>	<u>\$ 23,328</u>	<u>\$ 33,613</u>	<u>\$ 4,465</u>

CITY OF BUTLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Wastewater Operating	Wastewater Bond and Interest	Wastewater Depreciation	Wastewater Consumer Deposit	Wastewater Capacity Fee	Wastewater Improvement
Cash and investments - beginning	\$ 657,063	\$ -	\$ 121,962	\$ 8,700	\$ 441,409	\$ 764
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	1,971,371	-	-	6,200	-	-
Other receipts	21,436	382,898	96,715	-	1,816	-
Total receipts	1,992,807	382,898	96,715	6,200	1,816	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	189,452	-	-	-	-	-
Utility operating expenses	1,076,498	-	-	-	-	-
Other disbursements	851,898	382,898	-	4,950	-	-
Total disbursements	2,117,848	382,898	-	4,950	-	-
Excess (deficiency) of receipts over disbursements	(125,041)	-	96,715	1,250	1,816	-
Cash and investments - ending	<u>\$ 532,022</u>	<u>\$ -</u>	<u>\$ 218,677</u>	<u>\$ 9,950</u>	<u>\$ 443,225</u>	<u>\$ 764</u>

CITY OF BUTLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Wastewater Cash Reserve	Wastewater Debt Service Charge	SDI Replacement	Wastewater Debt Service Reserve	Water Operating	Water Bond and Interest
Cash and investments - beginning	\$ 172,400	\$ 7,760	\$ 168,208	\$ 319,000	\$ 37,554	\$ 147
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	171,716	21,767	-	499,063	-
Other receipts	355,000	169	674	-	23,570	63,252
Total receipts	355,000	171,885	22,441	-	522,633	63,252
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	50,090	-
Utility operating expenses	-	-	10,968	-	317,439	-
Other disbursements	-	174,900	-	-	135,036	63,252
Total disbursements	-	174,900	10,968	-	502,565	63,252
Excess (deficiency) of receipts over disbursements	355,000	(3,015)	11,473	-	20,068	-
Cash and investments - ending	\$ 527,400	\$ 4,745	\$ 179,681	\$ 319,000	\$ 57,622	\$ 147

CITY OF BUTLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Water Depreciation	Water Consumer Deposit	Water Capacity Fee	Water Cash Reserve	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 25,007	\$ 14,800	\$ 11,994	\$ 23,709	\$ 63,370	\$ 4,644,282
Receipts:						
Taxes	-	-	-	-	-	1,177,817
Licenses and permits	-	-	-	-	-	929
Intergovernmental	-	-	-	-	-	682,217
Charges for services	-	-	-	-	-	227,758
Fines and forfeits	-	-	-	-	-	646,708
Utility fees	-	6,200	-	-	-	2,687,050
Other receipts	24,083	-	29	-	-	1,467,054
Total receipts	24,083	6,200	29	-	-	6,889,533
Disbursements:						
Personal services	-	-	-	-	-	911,697
Supplies	-	-	-	-	-	161,715
Other services and charges	-	-	-	-	-	977,185
Debt service - principal and interest	-	-	-	-	-	111,000
Capital outlay	32,910	-	-	-	-	892,799
Utility operating expenses	-	-	10,000	-	-	1,414,917
Other disbursements	-	5,650	-	23,000	-	2,207,880
Total disbursements	32,910	5,650	10,000	23,000	-	6,677,193
Excess (deficiency) of receipts over disbursements	(8,827)	550	(9,971)	(23,000)	-	212,340
Cash and investments - ending	\$ 16,180	\$ 15,350	\$ 2,023	\$ 709	\$ 63,370	\$ 4,856,622

CITY OF BUTLER  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Butler Municipal Building Corporation	Renovations to city hall/utility office	\$ 107,888	03-31-11	01-15-31
Republic First National	Air packs & bottles for fire department	<u>30,010</u>	10-17-11	05-01-14
Total of annual lease payments		<u>\$ 137,898</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Revenue bonds	Improvements to wastewater	\$ 315,000	\$ 59,238
Revenue bonds	Refunding of 2000 & 1996 issues	<u>2,090,000</u>	<u>326,220</u>
Total Wastewater		<u>2,405,000</u>	<u>385,458</u>
Water:			
Revenue bonds	Water Utility improvements	<u>630,000</u>	<u>61,807</u>
Totals		<u>\$ 3,035,000</u>	<u>\$ 447,265</u>

CITY OF BUTLER  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2012

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.

	Ending Balance
Governmental activities:	
Land	\$ 410,535
Infrastructure	1,893,455
Buildings	3,962,295
Improvements other than buildings	692,924
Machinery, equipment, and vehicles	2,116,559
Construction in progress	12,000
Total governmental activities	9,087,768
Storm Water:	
Infrastructure	743,731
Machinery, equipment, and vehicles	3,868
Total Storm Water	747,599
Wastewater:	
Land	15,390
Infrastructure	1,765,747
Buildings	483,235
Improvements other than buildings	7,034,562
Machinery, equipment, and vehicles	868,791
Total Wastewater	10,167,725
Water:	
Land	3,078
Infrastructure	2,205,587
Buildings	396,280
Improvements other than buildings	192,818
Machinery, equipment, and vehicles	239,647
Total Water	3,037,410
Total capital assets	\$ 23,040,502

CITY OF BUTLER  
EXAMINATION RESULT AND COMMENT

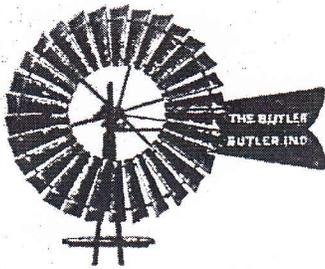
***OVERDRAWN FUND BALANCE***

The financial statement presented in this report included the Federal Withholding Tax Fund with an overdrawn fund balance of \$2,860 at December 31, 2012. This was the result of an overpayment which was refunded in March 2013.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF BUTLER  
EXIT CONFERENCE

The contents of this report were discussed on November 6, 2013, with Angela M. Eck, Clerk-Treasurer. The Official Response has been made a part of this report and may be found on page 27.



# City of Butler

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Ron Walter, Mayor  
Angela Eck, Clerk-Treasurer  
Steve Bingham, City Planner  
Wm. Ted Miller, Superintendent  
Gerald McNerney, Attorney

October 29, 2013

Indiana State Board of Accounts  
Indianapolis, IN

RE: Response to Examination Results & Comments for the Audit Period 2012

There was an overdrawn fund balance for the Federal Withholding Tax Fund in the amount of \$2860.00. I requested a refund from the IRS and it was received in March of 2013. I didn't feel it was necessary to "borrow" from another fund to make the balance 0. This would only be a temporary fix and wouldn't solve the issue. If there had been a way to record a pending refund that would have been a better way to show what was happening within the fund.

Sincerely,

Angela M. Eck, IAMC  
Clerk-Treasurer