

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, 2007 to December 31, 2007



FILED
12/30/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Angela M. Eck	07-01-06 to 12-31-11
Mayor	Floyd C. Coburn	01-01-04 to 12-31-11
Chairman of the Board of Public Works and Safety	Floyd C. Coburn	01-01-04 to 12-31-11
President of Common Council	Ronald L. Walter	01-01-07 to 12-31-08



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, 2007 to December 31, 2007. 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, 2007, 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

November 18, 2008

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, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ (74,471)	\$ 1,364,790	\$ 1,043,916	\$ 246,403
Special Revenues:				
Motor Vehicle Highway	32,738	418,098	362,834	88,002
Local Road and Street	5,381	13,907	15,000	4,288
Park and Recreation	(6,561)	113,833	85,746	21,526
Park and Recreation Donation Fund	(186)	55	-	(131)
Law Enforcement Continuing Ed.	5,697	1,625	-	7,322
Clerk's Record Perpetuation	37,944	12,039	7,586	42,397
Unsafe Building Fund	20,058	922	-	20,980
Riverboat Fund	35,183	18,898	15,000	39,081
Historic Preservation Grant	248	10,673	-	10,921
Rainy Day Fund	12,777	46,419	-	59,196
Click It or Tick It	10	-	-	10
Fire Cost Recovery	27,784	599	216	28,167
Recycling Fund	105	-	-	105
County Drug Free Grant Fund	1,500	-	-	1,500
Redevelopment Commission	26,931	9,961	1,325	35,567
Police Donation	20,768	4,117	19,436	5,449
Garbage Collection	11,211	117,868	124,600	4,479
Cemetery Trust	1,196	2,757	1,300	2,653
South Side Park Fund	2,707	2,224	-	4,931
Community Development Revolving Loan Fund	58,467	1,114	230	59,351
Fire Donation	-	20,000	-	20,000
Capital Projects:				
Cumulative Capital Improvement	24,564	10,479	3,383	31,660
Cumulative Capital Development	1,866	47,264	31,000	18,130
Park Equipment Fund	36,349	33,527	27,495	42,381
Cumulative Fire Equipment Fund	310,355	46,494	-	356,849
County Econ. Development Income Tax	4,226	116,368	118,743	1,851
Thompson Block	97,463	186,229	-	283,692
Fire Station Building	-	30,124	-	30,124

The accompanying notes are an integral part of the financial information.

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, 2007
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Water Utility:				
Operating	178,280	346,944	498,020	27,204
Bond and Interest	-	60,917	60,867	50
Depreciation	201,014	4,560	200,730	4,844
Consumer Deposit	14,780	6,268	6,543	14,505
Capacity Fee	40,485	2,733	-	43,218
Construction	784,848	496,154	157,878	1,123,124
Debt Service Reserve	-	63,252	-	63,252
Wastewater Utility:				
Operating	525,606	1,140,124	1,449,377	216,353
Bond and Interest	52,970	347,636	344,248	56,358
Depreciation	88,435	30,108	-	118,543
SDI Replacement	101,288	15,137	-	116,425
Debt Service Reserve	367,300	-	-	367,300
Capacity Fee	399,580	26,368	397,887	28,061
Improvement	13,619	16,145	-	29,764
Cash Reserve Fund	40,160	-	160	40,000
Debt Service Charge	7,333	173,757	173,550	7,540
Wet Weather Project	-	871,546	871,546	-
Fiduciary Funds:				
Payroll Deduction	314	15,010	13,921	1,403
FICA	(6,467)	103,791	97,324	-
Federal Withholding Tax	-	88,939	88,937	2
State Withholding Tax	(20)	29,917	29,873	24
County Withholding Tax	-	12,210	12,208	2
Garnishment	896	16,811	17,643	64
77 Police and Fire Fund	1,697	9,141	9,138	1,700
Police Pension	147,093	13,329	24,353	136,069
User Fee	5,129	94,499	92,845	6,783
Police Department	1	971	971	1
City Court	21,754	656,850	661,234	17,370
Totals	<u>\$ 3,680,405</u>	<u>\$ 7,273,501</u>	<u>\$ 7,067,063</u>	<u>\$ 3,886,843</u>

The accompanying notes are an integral part of the financial information.

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: general administrative services public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, urban development, water, and wastewater.

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.

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.

CITY OF BUTLER
NOTES TO FINANCIAL INFORMATION
(Continued)

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 Town 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, 2007

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	\$ 222,182
Infrastructure	1,172,535
Buildings	465,419
Improvements other than buildings	190,535
Machinery and equipment	<u>1,652,132</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 3,702,803</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 34,878
Construction in progress	33,557
Buildings	464,165
Improvements other than buildings	1,248,087
Machinery and equipment	<u>531,529</u>
Total Water Utility capital assets	<u>2,312,216</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	17,890
Construction in progress	286,445
Buildings	492,221
Improvements other than buildings	8,296,205
Machinery and equipment	<u>692,003</u>
Total Wastewater Utility capital assets	<u>9,784,764</u>
Total business-type activities capital assets	<u>\$ 12,096,980</u>

CITY OF BUTLER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

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	\$ 785,000	\$ 63,208
Wastewater Utility		
Revenue bonds:		
1996 Wastewater expansion	1,715,000	192,680
2000 Wastewater expansion	1,385,000	152,968
Notes and loans payable	<u>7,833</u>	<u>2,238</u>
Total Wastewater Utility	<u>3,107,833</u>	<u>347,886</u>
Total business-type activities debt:	<u>\$ 3,892,833</u>	<u>\$ 411,094</u>

CITY OF BUTLER
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2008, with Angela M. Eck, Clerk-Treasurer; and Floyd C. Coburn, Mayor. Our examination disclosed no material items that warrant comment at this time.