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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, 2009 to December 31, 2009



FILED
08/24/2010

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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	01-01-08 to 05-17-09
	Ronald L. Walter (Interim)	05-18-09 to 06-15-09
	Ronald L. Walter	06-16-09 to 12-31-11
Chairman of the Board of Public Works and Safety	Floyd C. Coburn	01-01-08 to 05-17-09
	(Vacant)	05-18-09 to 06-15-09
	Ronald L. Walter	06-16-09 to 12-31-11
President of the Common Council	Ronald L. Walter	01-01-09 to 05-17-09
	(Vacant)	05-18-09 to 06-15-09
	Eric Johnson	06-16-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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, 2009 to December 31, 2009. 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, 2009, 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 a required part 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

August 10, 2010

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, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 275,757	\$ 1,035,978	\$ 1,099,980	\$ 211,755
Motor Vehicle Highway	98,336	317,917	320,642	95,611
Local Road and Street	6,856	11,839	13,962	4,733
Park and Recreation	38,015	85,609	76,715	46,909
Park and Recreation Donation	10	100	-	110
Skate Park	-	2,500	-	2,500
Law Enforcement Continuing Education	8,759	3,725	2,670	9,814
Clerk's Record Perpetuation	46,638	7,979	2,735	51,882
Unsafe Building Fund	25,689	548	-	26,237
Riverboat	42,882	17,847	15,000	45,729
Historic Preservation Grant	11,163	-	-	11,163
Rainy Day	115,740	33,242	-	148,982
Click It or Tick It	10	11,910	11,910	10
Child Safety Seat Inspection	-	2,082	1,203	879
Safe Kids DeKalb County	-	1,000	465	535
Fire Cost Recovery	28,810	373	1,287	27,896
Recycling	105	-	-	105
Street Sweeper Replacement Fund	-	1,230	-	1,230
County Drug Free Grant	20	1,850	1,834	36
Redevelopment Commission	36,291	3,590	827	39,054
Police Donation	2,643	1,661	2,182	2,122
Garbage Collection	3,872	130,690	133,317	1,245
Cemetery Trust	5,575	3,131	5,771	2,935
South Side Park	5,127	-	-	5,127
Community Development Revolving Loan	59,487	415	-	59,902
Fire Donation	20,759	416	9,000	12,175
Library Federal Grant and Donation Project	-	1,125,530	1,125,530	-
Cumulative Capital Improvement	31,314	8,857	-	40,171
Cumulative Capital Development	8,549	25,650	32,360	1,839
Park Equipment	57,580	9,650	3,145	64,085
Cumulative Fire	401,780	23,044	-	424,824
County Economic Development Income Tax	48,953	103,432	100,391	51,994
Thompson Block	334,844	55,672	217,900	172,616
Fire Station Building	97,631	236,028	226,347	107,312
Proprietary Funds:				
Water Utility - Operating	7,060	385,464	389,341	3,183
Water Utility - Bond and Interest	120	63,495	61,969	1,646
Water Utility - Depreciation	844	-	-	844
Water Utility - Customer Deposit	15,755	6,300	6,850	15,205
Water Utility - Capacity Fee	28,982	1,640	-	30,622
Water Utility - Construction	681,316	844	472,370	209,790
Water Utility - Debt Service Reserve	63,775	516	1,039	63,252
Wastewater Utility - Operating	53,899	1,240,606	1,144,364	150,141
Wastewater Utility - Bond and Interest	56,906	293,863	349,171	1,598
Wastewater Utility - Depreciation	145,835	24,000	168,421	1,414
Wastewater Utility - SDI Replacement	129,089	14,148	1,119	142,118
Wastewater Utility - Debt Service Reserve	370,502	46,652	5,783	411,371
Wastewater Utility - Capacity Fee	123,918	104,159	-	228,077
Wastewater Utility - Improvement	29,982	-	29,982	-
Wastewater Utility - Customer Deposit	850	6,300	1,700	5,450
Wastewater Utility - Cash Reserve Fund	40,000	-	-	40,000
Wastewater Utility - Debt Service Charge	7,699	172,354	172,300	7,753
Wastewater Utility - Storm Sewer Project	-	435,600	150,639	284,961
Stormwater Utility - Operating	-	7,767	-	7,767
Fiduciary Funds:				
Payroll Deduction	(275)	20,371	15,606	4,490
FICA	-	111,199	111,205	(6)
Federal Withholding Tax	2	81,338	81,338	2
State Withholding Tax	981	33,441	30,544	3,878
County Withholding Tax	605	13,632	12,696	1,541
Garnishment	413	17,833	17,550	696
77 Police and Fire Fund	-	17,111	17,111	-
Police Pension	114,609	27,737	26,897	115,449
User Fee	6,808	98,554	98,550	6,812
City Court	16,887	638,343	633,200	22,030
Totals	\$ 3,709,757	\$ 7,126,762	\$ 7,404,918	\$ 3,431,601

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: public safety, highways and streets, culture and recreation, public improvements, planning and zoning, urban development, water, wastewater, storm water, 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.

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 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.

Note 7. Subsequent Event

The City passed Ordinance No. 1525 on March 15, 2010, authorizing issuance of \$3,500,000 sewage works refunding revenue bonds to provide for the current refunding of certain previously issued and currently outstanding sewage works revenue bonds.

CITY OF BUTLER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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	\$ 340,680
Infrastructure	1,479,397
Buildings	567,382
Improvements other than buildings	607,907
Machinery and equipment	1,787,458
Construction in progress	<u>251,661</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 5,034,485</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 55,583
Buildings	495,257
Improvements other than buildings	1,573,089
Machinery and equipment	388,899
Construction in progress	<u>480,936</u>
 Total Water Utility capital assets	 <u>2,993,764</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	17,890
Buildings	493,313
Improvements other than buildings	8,797,745
Machinery and equipment	<u>689,786</u>
 Total Wastewater Utility capital assets	 <u>9,998,734</u>
 Total business-type activities, capital assets not being depreciated	 <u>\$ 12,992,498</u>

CITY OF BUTLER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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	\$ 725,000	\$ 61,969
Wastewater Utility:		
Revenue bonds:		
1996 Wastewater expansion	1,510,000	197,120
2000 Wastewater expansion	1,235,000	152,968
2009 Wastewater improvements	440,000	59,238
Notes and loans payable	<u>1,854</u>	<u>1,854</u>
Total Wastewater Utility	<u>3,186,854</u>	<u>411,180</u>
Total business-type activities debt	<u>\$ 3,911,854</u>	<u>\$ 473,149</u>

CITY OF BUTLER
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2010, with Angela M. Eck, Clerk-Treasurer, and Eric Johnson, President of the Common Council. Our examination disclosed no material items that warrant comment at this time.