

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF BUTLER

DEKALB COUNTY, INDIANA

January 1, 2013 to December 31, 2016



**FILED**  
09/15/2017



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Examination Result and Comment:	
Internal Controls .....	6
Exit Conference .....	7
City Court:	
Examination Result and Comment:	
Supplemental Annual Financial Report.....	10
Exit Conference .....	11

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Angela M. Eck	01-01-12 to 12-31-19
Mayor	Ron L. Walter	01-01-12 to 12-31-19
President of the Board of Public Works	Ron L. Walter	01-01-12 to 12-31-19
President of the Common Council	Eric H. Johnson	01-01-13 to 12-31-17
City Court Judge	The Honorable Richard Obendorf	01-01-08 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of the City of Butler (City), for the period from January 1, 2013 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statements Examination Report of the City, which provides our opinion on the City's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

August 28, 2017

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CLERK-TREASURER  
CITY OF BUTLER

CLERK-TREASURER  
CITY OF BUTLER  
EXAMINATION RESULT AND COMMENT

**INTERNAL CONTROLS**

Internal controls over the accounting for the City's financial activities were insufficient. The Clerk-Treasurer prepared and submitted the Annual Financial Report without sufficient oversight or review.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An internal part of the control activity component is segregation of duties . . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregations of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

CLERK-TREASURER  
CITY OF BUTLER  
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2017, with Angela M. Eck, Clerk-Treasurer; Ron L. Walter, Mayor; Ron Baker, Common Council member; Scott Lanning, Common Council member; and Jerry Eldridge, Common Council member.

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CITY COURT  
CITY OF BUTLER

CITY COURT  
CITY OF BUTLER  
EXAMINATION RESULT AND COMMENT

***SUPPLEMENTAL ANNUAL FINANCIAL REPORT***

Supplemental Annual Financial Reports (AFR) were not filed by the City Court during the examination period. The City Court should complete the Supplemental AFR at the end of each calendar year and submit it to the Clerk-Treasurer so the Clerk-Treasurer can complete and file the AFR.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

CITY COURT  
CITY OF BUTLER  
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2017, with Richard Obendorf, City Court Judge; Connie J. Bungard, City Court Clerk; Deb Johnson, City Court Clerk; Angela M. Eck, Clerk-Treasurer; Ron L. Walter, Mayor; Ron Baker, Common Council member; Scott Lanning, Common Council member; and Jerry Eldridge, Common Council member.