

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, 2020 to December 31, 2021



FILED

06/06/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Angela Eck	01-01-20 to 12-31-22
Mayor	Mike Hartman	01-01-20 to 12-31-22
President of the Board of Public Works and Safety	Mike Hartman	01-01-20 to 12-31-22
President Pro Tempore of the Common Council	Eric Johnson	01-01-20 to 12-31-22
City Court Judge	The Honorable Richard Obendorf	01-01-20 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

This report is supplemental to our audit report of the City of Butler (City), for the period from January 1, 2020 to December 31, 2021. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at 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 Audit Result and Comment contained herein describes the identified reportable instance 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 Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

May 23, 2022

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CLERK-TREASURER
CITY OF BUTLER

CLERK-TREASURER
CITY OF BUTLER
AUDIT RESULT AND COMMENT

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The City established a new sub-fund and allocated 50 percent of the distributions from the State Motor Vehicle Highway (MVH) Account to the MVH Restricted sub-fund during the audit period. The City reduced the 2020 fiscal year distributions from the MVH Account below 50 percent by transferring the funds to the Community Crossings Grant fund. The transferred funds were used to cover the City's required match for the Community Crossings grant, which was used for the City's street projects. Although these were allowable construction expenses, the expenditures should have been paid directly from the MVH Restricted fund. The transfer is not a permissible use (construction, reconstruction, or preservation) of the MVH Restricted fund.

Criteria

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

The political subdivision, by ordinance or resolution, may elect to allocate more than fifty percent (50%) of the distributions to MVH Restricted. During the same fiscal year, the political subdivision may transfer, by ordinance or resolution, the amount allocated in excess of the 50% requirement from MVH Restricted to MVH. ***In no event can any transfers from MVH Restricted to MVH reduce the fiscal year distributions from the State Motor Vehicle Highway Account below the 50% requirement for MVH Restricted.*** (State Examiner Directive 2018-2)

CLERK-TREASURER
CITY OF BUTLER
EXIT CONFERENCE

The contents of this report were discussed on May 23, 2022, with Angela Eck, Clerk-Treasurer; Eric Johnson, President Pro Tempore of the Common Council; The Honorable Richard Obendorf, City Court Judge; Connie Bungard, City Court Clerk; and Deb Johnson, City Court Deputy Clerk.