

428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569



**BUTLER TOWNSHIP  
MONTGOMERY COUNTY  
Regular Audit  
For the Years Ended December 31, 2014 and 2013**

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# Dave Yost • Auditor of State

Board of Trustees  
Butler Township  
8524 North Dixie Drive  
Dayton, Ohio 45414

We have reviewed the *Independent Auditor's Report* of Butler Township, Montgomery County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Butler Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 9, 2015

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**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Audit Findings .....	19
Schedule of Prior Audit Findings.....	20

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## INDEPENDENT AUDITOR'S REPORT

July 24, 2015

Butler Township  
Montgomery County  
8524 North Dixie Drive  
Dayton, Ohio 45414

To the Board of Trustees:

### **Report on the Financial Statements**

We have audited the accompanying financial statements and related notes of **Butler Township**, Montgomery County, (the Township) as of and for the years ended December 31, 2014 and 2013.

### **Management's Responsibility for the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.



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• Association of Certified Anti - Money Laundering Specialists •



***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Butler Township, Montgomery County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Emphasis of Matter***

As discussed in Note 1B to the financial statements, during 2013, the Township has elected to change its financial presentation from a presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* to a presentation reflecting use of the Auditor of State's Regulatory Accounting Basis. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2015, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 835,190	\$ 5,478,599	\$ 6,313,789
Charges for Services	-	1,035,545	1,035,545
Licenses, Permits and Fees	116,436	59,390	175,826
Fines and Forfeitures	3,553	809	4,362
Intergovernmental	109,665	632,081	741,746
Special Assessments	18,971	111,810	130,781
Earnings on Investments	790	23	813
Miscellaneous	136,105	68,192	204,297
	<b>1,220,710</b>	<b>7,386,449</b>	<b>8,607,159</b>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
General Government	943,851	19,943	963,794
Public Safety	-	3,614,535	3,614,535
Public Works	20,390	1,600,719	1,621,109
Health	-	69,659	69,659
Other	-	511,871	511,871
Capital Outlay	482,686	275,888	758,574
Debt Service:			
Principal Retirement	-	386,600	386,600
Interest and Fiscal Charges	-	1,094,969	1,094,969
	<b>1,446,927</b>	<b>7,574,184</b>	<b>9,021,111</b>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts (Under) Disbursements</i>	<b>(226,217)</b>	<b>(187,735)</b>	<b>(413,952)</b>
<b>Other Financing Receipts (Disbursements)</b>			
Premium and Accrued Interest on Debt	50,525	-	50,525
Sale of Capital Assets	-	18,754	18,754
Transfers In	44,214	600,000	644,214
Transfers Out	(600,000)	(44,214)	(644,214)
	<b>(505,261)</b>	<b>574,540</b>	<b>69,279</b>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	<b>(731,478)</b>	<b>386,805</b>	<b>(344,673)</b>
<i>Fund Cash Balances, January 1</i>	<b>3,481,861</b>	<b>7,552,936</b>	<b>11,034,797</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	7,664,889	7,664,889
Committed	-	274,852	274,852
Unassigned	2,750,383	-	2,750,383
	<b>2,750,383</b>	<b>7,939,741</b>	<b>10,690,124</b>
<i>Fund Cash Balances, December 31</i>			
	<b>\$ 2,750,383</b>	<b>\$ 7,939,741</b>	<b>\$ 10,690,124</b>

The accompanying notes are an integral part of the Financial Statements.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 804,939	\$ 5,452,563	\$ 6,257,502
Charges for Services	-	1,010,316	1,010,316
Licenses, Permits and Fees	128,581	57,386	185,967
Fines and Forfeitures	3,420	481	3,901
Intergovernmental	458,082	777,952	1,236,034
Special Assessments	21,094	122,995	144,089
Earnings on Investments	1,441	65	1,506
Miscellaneous	72,696	53,678	126,374
<i>Total Cash Receipts</i>	<u>1,490,253</u>	<u>7,475,436</u>	<u>8,965,689</u>
<b>Cash Disbursements</b>			
Current:			
General Government	922,844	150,548	1,073,392
Public Safety	-	3,344,330	3,344,330
Public Works	12,295	1,724,993	1,737,288
Health	-	25,027	25,027
Other	-	210,500	210,500
Capital Outlay	2,936,492	859,967	3,796,459
Debt Service:			
Principal Retirement	1,318,070	1,466,782	2,784,852
Interest and Fiscal Charges	-	1,063,234	1,063,234
<i>Total Cash Disbursements</i>	<u>5,189,701</u>	<u>8,845,381</u>	<u>14,035,082</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(3,699,448)</u>	<u>(1,369,945)</u>	<u>(5,069,393)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Bonds	3,740,000	-	3,740,000
Premium and Accrued Interest on Debt	16,856	-	16,856
Sale of Capital Assets	250	77,011	77,261
Transfers In	44,214	579,670	623,884
Transfers Out	(579,670)	(44,214)	(623,884)
Other Financing Sources	161	-	161
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,221,811</u>	<u>612,467</u>	<u>3,834,278</u>
<i>Net Change in Fund Cash Balances</i>	<u>(477,637)</u>	<u>(757,478)</u>	<u>(1,235,115)</u>
<i>Fund Cash Balances, January 1</i>	<u>3,959,497</u>	<u>8,310,414</u>	<u>12,269,911</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	7,333,149	7,333,149
Committed	-	219,787	219,787
Unassigned	3,481,861	-	3,481,861
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,481,861</u>	<u>\$ 7,552,936</u>	<u>\$ 11,034,797</u>

The accompanying notes are an integral part of the Financial Statements.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Butler Township, Montgomery County (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services, police protection and zoning. The Township has a contract with the City of Dayton to provide EMS services to the Dayton Airport.

The Township participates in jointly governed organizations, joint ventures and a public entity risk pool. Notes 8, 9 and 10 to the financial statements provides additional information for these entities. These organizations are:

**Public Entity Risk Pool:**

The Ohio Township Association Risk Management Authority (OTARMA), is a risk-sharing pool available to Ohio townships.

**Jointly Governed Organizations:**

The Township participates in three (3) jointly governed organizations. The first is with the City of Dayton known as the Butler Township - Dayton Joint Economic Development District. The second is with the City of Vandalia known as the Butler Township - Vandalia Joint Economic Development District (JEDD). The third is also with the City of Vandalia known as the Butler Township - City of Vandalia Joint Economic Development Zone (JEDZ).

**Joint Ventures:**

Butler Township also has an agreement with the City of Vandalia to provide joint services for fire protection and EMS.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Accounting Basis (Continued)**

**Change in Basis of Accounting**

Last audit period the Township presented financial statements on the cash basis of accounting. The fund financial statements presented each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. This audit period the Township has elected to report fund financial statements by fund type using the regulatory basis of accounting as prescribed by the Auditor of States office.

**C. Deposits**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund – This fund receives property tax money for the operation of the Township's police department.

Fire District Fund – This fund receives property tax money and revenue generated from the emergency medical services it provides.

Harson (TIF) Fund – A TIF is a redirection of property taxes into a special fund that is used to pay off bonds sold to make public improvements.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgetary Process (Continued)**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amount represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitles to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2014	2013
Demand deposits	\$ 5,667,693	\$ 6,012,885
Total deposits	<u>5,667,693</u>	<u>6,012,885</u>
Money market mutual fund	5,022,431	5,021,912
Total investments	<u>5,022,431</u>	<u>5,021,912</u>
Total deposits and investments	<u><u>\$ 10,690,124</u></u>	<u><u>\$ 11,034,797</u></u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,218,465	\$ 1,315,449	\$ 96,984
Special Revenue	8,182,963	8,005,203	(177,760)
Total	\$ 9,401,428	\$ 9,320,652	\$ (80,776)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,261,496	\$ 2,072,872	\$ 188,624
Special Revenue	8,461,218	7,687,882	773,336
Total	\$ 10,722,714	\$ 9,760,754	\$ 961,960

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,082,243	\$ 5,291,734	\$ 209,491
Special Revenue	7,993,375	8,132,117	138,742
Total	\$ 13,075,618	\$ 13,423,851	\$ 348,233

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,508,215	\$ 5,782,431	\$ 725,784
Special Revenue	10,340,510	8,938,792	1,401,718
Total	\$ 16,848,725	\$ 14,721,223	\$ 2,127,502

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**5. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Tax Increment Revenue Bonds	\$ 1,230,000	4.6-5%
PNC Emergency Equipment	27,900	5%
TIF - Cloverleaf Road	2,241,930	4%
Bonds - Admin/Police Building	2,465,000	2-3.75%
Harson Bond Refinance	1,015,000	2%
Fire Station Remodel	2,340,000	2%
Total	\$ 9,319,830	

The Township sold Tax Increment Revenue Bonds (2) (Towne Center - Morris) in 2008 for \$1,300,000 for the improvement of road infrastructure with the Township. These are twenty year bonds with a 4.6% interest rate. Interest payments only started in year 2011. Principal and interest payments began in 2014. This bond is secured through a service agreement with the developer of Morris Furniture.

The Township sold Tax Increment Revenue Bonds (Harson 1 Sonia Singer and Harson 2 Harson) in 2006 for \$2,900,902 for the improvement of road infrastructure with the Township. These are twenty year bonds with a 5.0% interest rate. This bond is secured through a service agreement with Singer Properties. However, the Township paid off the remaining principal owed for the Harson 1 bond \$756,044 this year from the Harson TIF Fund. The Township paid off the remaining principal for the Harson 2 bonds \$514,722 this year from the Harson TIF Fund. The Township refinanced the remaining amount of \$1,165,000 through Minster Bank. That debt is now General Obligation Bonds and will be paid off in 2026. The new interest rate is 2.3% and principal and interest payments started in 2013.

PNC Bank Emergency Equipment - The Township purchased emergency equipment with these funds at an interest rate of 4.91%. Principal payments are made annually; with semi-annual interest payments through December 2015.

The Township sold Tax Increment Revenue Bonds (Cloverleaf) in 2010 for \$2,500,000 for the improvement of road infrastructure in the Township. These are twenty year bonds with a 4.22% interest rate. Interest payments only started in 2011. One extra principal payment was made in 2013 in the amount of \$153,070 which was the leftover money for the project. Principal and interest payments start in 2014. This bond is secured through a service agreement with the Stonesprings Nursing Home Facility.

The Township sold General Obligation Bonds in 2011 to purchase an existing office building and remodel it for the new government center which houses the administration and police divisions in the amount of \$2,500,000. These are twenty year bonds with a varying interest rate of 2% to 3.375%. Principal and interest payments started in 2012.

The Township sold General Obligation Bonds in 2013 to renovate the existing fire station headquarters in the amount of 2,575,000. These are twenty year bonds with a varying interest rate of 2% to 3.25%. Principal and interest payments started in 2013.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**5. DEBT (Continued)**

Amortization of the previously mentioned debt is as follows:

Tax Increment Revenue Bonds		
Year	Principal	Interest
2015	\$ 70,000	\$ 56,580
2016	75,000	53,360
2017	80,000	49,910
2018	80,000	46,230
2019	85,000	42,550
2020-2024	490,000	149,730
2025-2027	350,000	32,890
<u>Total</u>	<u>\$ 1,230,000</u>	<u>\$ 431,250</u>

PNC Emergency Equipment		
Year	Principal	Interest
2015	\$ 27,900	\$ 1,370
<u>Total</u>	<u>\$ 27,900</u>	<u>\$ 1,370</u>

TIF - Cloverleaf Road		
Year	Principal	Interest
2015	\$ -	\$ -
2016	66,930	89,967
2017	115,000	85,325
2018	120,000	80,472
2019	125,000	75,408
2020-2024	725,000	323,884
2025-2029	890,000	158,038
2030	200,000	8,440
<u>Total</u>	<u>\$ 2,241,930</u>	<u>\$ 821,534</u>

Bonds - Admin/Police Building		
Year	Principal	Interest
2015	\$ 10,000	\$ 72,520
2016	15,000	72,320
2017	130,000	72,020
2018	140,000	69,420
2019	145,000	66,620
2020-2024	765,000	273,750
2025-2029	875,000	151,235
2030-2031	385,000	19,575
<u>Total</u>	<u>\$ 2,465,000</u>	<u>\$ 797,460</u>

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**5. DEBT (Continued)**

Harson Bond Refinance		
Year	Principal	Interest
2015	\$ 75,000	\$ 23,345
2016	75,000	21,620
2017	80,000	19,892
2018	80,000	18,055
2019	80,000	16,215
2020-2024	435,000	52,210
2025-2026	190,000	6,555
<b>Total</b>	<b>\$ 1,015,000</b>	<b>\$ 157,892</b>

Fire Station Remodel		
Year	Principal	Interest
2015	\$ 105,000	\$ 60,212
2016	110,000	58,112
2017	110,000	55,912
2018	115,000	53,712
2019	115,000	51,412
2020-2024	620,000	220,762
2025-2029	700,000	140,738
2030-2031	465,000	30,549
<b>Total</b>	<b>\$ 2,340,000</b>	<b>\$ 671,409</b>

During 2006, the Township sold \$503,500 in Tax Increment Revenue Bonds to its own General Fund. The interest rate is 5%. This debt is not presented above as the improvement for infrastructure has been made and financed by the General Fund. As the additional tax revenue is received from the County Auditor, this debt is being repaid to the General Fund through TIF funding. The following table details the activity for 2014 and 2013.

	Interest Rate	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
Tax Increment Revenue Bonds (General Fund)	5.00%	\$ 415,322	\$ -	\$ 23,447	\$ 391,875

  

	Interest Rate	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
Tax Increment Revenue Bonds (General Fund)	5.00%	\$ 437,653	\$ -	\$ 22,331	\$ 415,322

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**6. CAPITAL LEASE**

The Township had an outstanding capital lease at the end of December 31, 2012 for a dump truck. This lease was paid off in 2013.

**7. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OP&F participants contributed 11.5% of their wages. For 2014 and 2013, the Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**8. RISK MANAGEMENT**

**Commercial Insurance**

During 2013, The Township obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Risk Pool Membership**

During 2014, the Township became a member of the below described Risk Pool.

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**8. RISK MANAGEMENT (Continued)**

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$24,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2014</u>	<u>2013</u>
\$42,951	\$0

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**8. RISK MANAGEMENT (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**9. JOINT VENTURES**

Butler Township has an agreement with the City of Vandalia to provide joint services for fire protection and EMS. The agreement was finalized in 2012 and implemented in 2013. This agreement allows for joint staffing of the Butler Township Fire Station on Little York and the Vandalia Fire Station on Peters Pike. Each station has two employees from other jurisdictions that will help respond to calls for that particular service area in the City or Township which may include joint staffing of equipment.

There is no money that goes back and forth between agencies. It was agreed that each entity would take care of their own fire stations and equipment and continue to pay their own employees. The agreement benefits each entity as Butler Township has closer access to properties in the northeastern part of the township and Vandalia has closer access to properties south of Butler Township (south of Benchwood).

**10. JOINTLY GOVERNED ORGANIZATIONS**

The Township participates in three (3) jointly governed organizations with the City of Dayton known as the Butler Township - Dayton Joint Economic Development District; and the City of Vandalia known as the Butler Township - Vandalia Joint Economic Development District (JEDD), which the Township and the Cities have entered into the contracts to create and provide for the operation of the JEDD agreement in accordance with Sections 715. 72 through 715.83 of the Revised Code for their mutual benefit and for the benefit of their residents and the State of Ohio. The third partnership is also with the City of Vandalia known as the Butler Township - City of Vandalia Joint Economic Development Zone (JEDZ). The Township and City have entered into the contracts to create and provide for the operation of the JEDZ agreement in accordance with Section 715.691 of the Ohio Revised Code. (As mentioned in note 13) A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interests in joint ventures.

The Butler Township - Dayton JEDD, the Butler Township - Vandalia JEDD and the Butler Township - Vandalia JEDZ each receive a separate audit every two years. The Township and the Cities do receive money from each JEDD and JEDZ. According to the agreement with the City of Dayton, the JEDD retains 20% of the funds for JEDD activities and the township and city split the remaining 80% in half. According to the agreement with the City of Vandalia, the JEDD and JEDZ retain .5% and the city receives 15% of what is left over and the township receives 85% or what is left over after paying for insurance and audits. The Township did pay for some start-up costs for the JEDD and JEDZ with Vandalia as it relates to software purchases for the tax collection process. All monies received by the JEDD's are deposited into the General Fund.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**10. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

The JEDZ with the City of Vandalia was approved by the voters via ballot during the August special election and went into effect on January 1, 2014. All monies collected through the JEDZ will be deposited into the Police Fund and General Fund in the following years beginning in 2015.

**11. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

July 24, 2015

Butler Township  
Montgomery County  
8524 North Dixie Drive  
Dayton, Ohio 45414

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Butler Township**, Montgomery County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 4, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.



***...“bringing more to the table”***

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •



***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2014-001**

**Material Weakness**

**Posting of Receipts and Disbursements and Classification of Fund Balances**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54.

- Principal and interest payments were not properly posted.
- Bond proceeds and the corresponding capital outlay disbursement was not properly posted.
- General fund encumbrances were not properly classified as Assigned. The amounts were below tolerable misstatement and no reclassifications were deemed necessary.

Not posting receipts and disbursements accurately and misclassifying funds resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all resources are properly classified on the financial statements.

We recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Township Handbook for guidance to determine proper establishment and posting of receipts and disbursements. We also recommend the fiscal officer refer to Auditor of State Technical Bulletins 2005-005 and 2011-004 for fund balance classification information.

**Management's Response** – We did not receive a response from officials to this finding.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Accurate Financial Statements and Disclosures	No	Not Corrected, Repeated as Finding 2014-001



# Dave Yost • Auditor of State

**BUTLER TOWNSHIP**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 5, 2015**