



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BUTLER TOWNSHIP  
MONTGOMERY COUNTY  
DECEMBER 31, 2022 AND 2021**

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**INDEPENDENT AUDITOR'S REPORT**

Butler Township  
Montgomery County  
3510 Sudachi Drive  
Dayton, Ohio 45414

To the Board of Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of Butler Township, Montgomery County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matters***

As discussed in Note 14 to the financial statements for 2022 and 2021, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the Township. Our opinion is not modified with respect to this matter.

As disclosed in Note 16 to the financial statements for 2022 and 2021, the Township restated its beginning balances due to errors from previous years. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 17, 2024

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**Butler Township**  
*Montgomery County, Ohio*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2022*

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$1,137,104	\$7,013,684		\$8,150,788
Charges for Services		630,812		630,812
Licenses, Permits and Fees	140,995	31,882		172,877
Fines and Forfeitures	8,610	573		9,183
Intergovernmental	798,270	2,124,824		2,923,094
Special Assessments	27,290	112,319		139,609
Earnings on Investments	130,028	8,752		138,780
Miscellaneous	5,361	184,282		189,643
<i>Total Cash Receipts</i>	<u>2,247,658</u>	<u>10,107,128</u>		<u>12,354,786</u>
<b>Cash Disbursements</b>				
Current:				
General Government	941,581	963,302		1,904,883
Public Safety		5,757,739		5,757,739
Public Works	18,732	919,705		938,437
Health		88,311		88,311
Other		293,117		293,117
Capital Outlay	29,066	297,508		326,574
Debt Service:				
Principal Retirement		485,000		485,000
Interest and Fiscal Charges		153,994		153,994
<i>Total Cash Disbursements</i>	<u>989,379</u>	<u>8,958,676</u>		<u>9,948,055</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,258,279</u>	<u>1,148,452</u>		<u>2,406,731</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets		32,861		32,861
Transfers In		725,000		725,000
Transfers Out	(725,000)			(725,000)
Advances In	44,213	250,000		294,213
Advances Out	(250,000)	(44,213)		(294,213)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(930,787)</u>	<u>963,648</u>		<u>32,861</u>
<i>Net Change in Fund Cash Balances</i>	327,492	2,112,100		2,439,592
<i>Fund Cash Balances, January 1, Restated</i>	<u>4,275,788</u>	<u>16,122,334</u>	<u>\$184,655</u>	<u>20,582,777</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,603,280</u>	<u>\$18,234,434</u>	<u>\$184,655</u>	<u>\$23,022,369</u>

*See accompanying notes to the basic financial statements.*

**Butler Township**  
*Montgomery County, Ohio*

*Statement of Receipts, Disbursements  
and Changes in Fund Balance (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2022*

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$761,182</u>
<i>Total Operating Cash Receipts</i>	<u>761,182</u>
<b>Operating Cash Disbursements</b>	
Salaries	65,846
Employee Fringe Benefits	16,675
Purchased Services	674,189
Supplies and Materials	1,500
Other	<u>539</u>
<i>Total Operating Cash Disbursements</i>	<u>758,749</u>
<i>Net Change in Fund Cash Balances</i>	2,433
<i>Fund Cash Balances, January 1</i>	<u>652,863</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$655,296</u></u>

*See accompanying notes to the basic financial statements.*

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting 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, emergency medical services, police protection, waste collection services, and zoning. Additionally, the Township contracts with the City of Dayton to provide emergency medical services to the Dayton International Airport.

***Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools***

The Township participates in jointly governed organizations, joint ventures, and a public entity risk pool. Notes 7, 12, and 13 to the financial statements provide additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

***Road & Bridge Fund*** The Road & Bridge Fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

***Gas Tax Fund*** The Gas Tax Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The Motor Vehicle License Tax Fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Police District Fund*** The Police District Fund receives property tax money for operation of the Butler Township Police Department.

***Fire District Fund*** The Fire District Fund receives property tax money and revenue generated by Emergency Medical Services provided by the Butler Township Fire Department.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

***Permanent Improvement Fund*** The Township received proceeds from the sale of land. The proceeds are committed for permanent improvements.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Township had the following significant Enterprise Fund:

***Waste District Fund*** This fund accounts for the charges the Township levies to collect and remove waste and refuse.

***Basis of Accounting***

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 (C) permit.

***Budgetary Process***

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

***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.

***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.

***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 2022 budgetary activity appears in Note 3.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Deposits and Investments***

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. The Township values negotiable certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual funds report.

***Capital Assets***

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

***Accumulated Leave***

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

***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:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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.

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,277,032	\$2,291,871	\$14,839
Special Revenue	11,106,374	11,114,989	8,615
Enterprise	758,631	761,182	2,551
Total	\$14,142,037	\$14,168,042	\$26,005

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,956,463	\$1,769,111	\$187,352
Special Revenue	13,209,183	9,535,834	3,673,349
Enterprise	927,884	913,066	14,818
Total	\$16,093,530	\$12,218,011	\$3,875,519

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2022
<b>Cash Management Pool:</b>	
Demand deposits	\$15,398,518
Total deposits	15,398,518
Money Market mutual Funds	288,357
US Agency Securities	1,157,790
Negotiable Certificates of Deposit	6,833,000
Total investments	8,279,147
<i>Total carrying amount of deposits and investments held in the Pool</i>	<i>\$23,677,665</i>

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$132,756 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

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

**Note 5 – Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Note 6 – Interfund Balances**

The Township sold Tax Increment Revenue Bonds totaling \$503,500 in 2006 to its own General Fund; the interest rate is 5%. This debt is not presented in Note 10 as the improvement for infrastructure was financed by the General Fund and is being repaid to the General Fund as the additional tax increment financing revenue is received from the County Auditor. The following table details the amortization schedule of the debt:

Year	TIF – Township Bond	
	Principal	Interest
2023	\$36,375	\$7,839
2024	38,193	6,020
2025	40,103	4,111
2026	42,108	2,105
Totals	\$156,779	\$20,075

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 – Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty;
- Public official’s liability;
- Cyber;
- Law enforcement liability;
- Automobile liability;
- Vehicles;
- Property; and
- Equipment breakdown

The Pool reported the following summary of liabilities and actuarially-measured assets available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township Police Officers contributed 13 percent of their gross salaries and the Township contributed an amount equaling 18.1 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2022.

***Ohio Police and Fire Retirement System***

Township certified full-time Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2022.



**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Social Security**

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2022, the portion of OPERS employer contributions allocated to health care was 0 percent for members in both the traditional pension plan and in the combined plan. For 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Towne Center - Morris TIF	\$555,000	4.600%
TIF - Cloverleaf Road	\$1,241,930	4.220%
Bonds - Admin/Police Building	\$1,575,000	2-3.375%
Bond Refinance	370,000	2.300%
Total	\$3,741,930	

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 started 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. In a prior year, the Township paid off the remaining principal owed for the Harson 1 bond, \$756,044, and the Township paid off the remaining principal for the Harson 2 bonds, \$514,722, both 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.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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 started 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.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Towne Center Morris TIF	TIF - Cloverleaf Road	TIF - Admin / Police Building	TIF - Harson Bond Refinance
2023	\$125,530	\$202,409	\$205,220	\$98,510
2024	125,930	201,079	205,570	96,440
2025	126,100	204,538	205,770	99,370
2026	126,040	202,575	205,820	97,185
2027	130,750	200,401	205,507	
2028-2031		457,136	813,713	
Total	<u>\$634,350</u>	<u>\$1,468,138</u>	<u>\$1,841,600</u>	<u>\$391,505</u>

**Note 11 – Contingent Liabilities**

The Township is the defendant in a lawsuit filed in 2018. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Township’s financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. 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.

**Note 12 – Joint Ventures**

Butler Township has an agreement with the City of Vandalia to provide joint services for fire protection and EMS. This agreement allows for joint staffing of the Butler Township Fire Station on Little York Road 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.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 13 – 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.

**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2022, the Township received COVID-19 funding. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**Note 15 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$54,733	\$577,156	\$631,889
Total	\$54,733	\$577,156	\$631,889

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 16 – Restatement of Fund Balance**

For 2022, the Township made an adjustment in the General and Special Revenue Funds for disaster related expenses for which grant money was obtained from the Federal Emergency Management Agency (FEMA) in the amount of \$3,571. The Township also made an adjustment in the Special Revenue Funds to cancel a lost check in the amount of \$95. The adjustments had the following effect on the financial statements in 2022:

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Fund Cash Balances, December 31, 2021	\$4,272,217	\$16,125,810	\$184,655	\$20,582,682
Restatement	<u>3,571</u>	<u>(3,476)</u>		<u>95</u>
Restated Fund Cash Balances, January 1, 2022	<u>\$4,275,788</u>	<u>\$16,122,334</u>	<u>\$184,655</u>	<u>\$20,582,777</u>

**Butler Township**  
Montgomery County, Ohio

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2021*

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$898,008	\$6,949,624		\$7,847,632
Charges for Services	211,480	555,859		767,339
Licenses, Permits and Fees	143,948	56,257		200,205
Fines and Forfeitures	7,355	827		8,182
Intergovernmental	902,235	1,279,583		2,181,818
Special Assessments	21,812	64,328		86,140
Earnings on Investments	128,921	4,914		133,835
Miscellaneous	119,342	421,227		540,569
<i>Total Cash Receipts</i>	<u>2,433,101</u>	<u>9,332,619</u>		<u>11,765,720</u>
<b>Cash Disbursements</b>				
Current:				
General Government	810,816	988,591		1,799,407
Public Safety		5,356,663		5,356,663
Public Works	16,000	1,056,277		1,072,277
Health		65,179		65,179
Other		22,231		22,231
Capital Outlay	69,452	460,657		530,109
Debt Service:				
Principal Retirement		2,135,000		2,135,000
Interest and Fiscal Charges		190,909		190,909
<i>Total Cash Disbursements</i>	<u>896,268</u>	<u>10,275,507</u>		<u>11,171,775</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,536,833</u>	<u>(942,888)</u>		<u>593,945</u>
<b>Other Financing Receipts (Disbursements)</b>				
Premium and Accrued Interest on Debt	35,514			35,514
Sale of Capital Assets		32,457		32,457
Transfers In		1,769,000		1,769,000
Transfers Out	(1,769,000)			(1,769,000)
Advances In	44,214			44,214
Advances Out		(44,214)		(44,214)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,689,272)</u>	<u>1,757,243</u>		<u>67,971</u>
<i>Net Change in Fund Cash Balances</i>	(152,439)	814,355		661,916
<i>Fund Cash Balances, January 1, Restated</i>	<u>4,424,656</u>	<u>15,311,455</u>	<u>\$184,655</u>	<u>19,920,766</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,272,217</u>	<u>\$16,125,810</u>	<u>\$184,655</u>	<u>\$20,582,682</u>

See accompanying notes to the basic financial statements.

**Butler Township**  
*Montgomery County, Ohio*

*Statement of Receipts, Disbursements  
and Changes in Fund Balance (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2021*

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$748,926</u>
<i>Total Operating Cash Receipts</i>	<u>748,926</u>
<b>Operating Cash Disbursements</b>	
Salaries	63,723
Employee Fringe Benefits	19,332
Purchased Services	624,701
Supplies and Materials	1,156
Other	<u>1,408</u>
<i>Total Operating Cash Disbursements</i>	<u>710,320</u>
<i>Operating Income</i>	<u>38,606</u>
<b>Non-Operating Receipts</b>	
Miscellaneous Receipts	<u>192</u>
<i>Total Non-Operating Receipts</i>	<u>192</u>
<i>Net Change in Fund Cash Balances</i>	38,798
<i>Fund Cash Balances, January 1</i>	<u>614,065</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$652,863</u></u>

*See accompanying notes to the basic financial statements.*

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting 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, emergency medical services, police protection, waste collection services, and zoning. Additionally, the Township contracts with the City of Dayton to provide emergency medical services to the Dayton International Airport.

***Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools***

The Township participates in jointly governed organizations, joint ventures, and a public entity risk pool. Notes 7, 12, and 13 to the financial statements provide additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

***Road & Bridge Fund*** The Road & Bridge Fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

***Gas Tax Fund*** The Gas Tax Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The Motor Vehicle License Tax Fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Police District Fund*** The Police District Fund receives property tax money for operation of the Butler Township Police Department.

***Fire District Fund*** The Fire District Fund receives property tax money and revenue generated by Emergency Medical Services provided by the Butler Township Fire Department.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

***Permanent Improvement Fund*** The Township received proceeds from the sale of land. The proceeds are committed for permanent improvements.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Township had the following significant Enterprise Fund:

***Waste District Fund*** This fund accounts for the charges the Township levies to collect and remove waste and refuse.

***Basis of Accounting***

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 (C) permit.

***Budgetary Process***

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

***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.

***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.

***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 2021 budgetary activity appears in Note 3.



**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Deposits and Investments***

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. The Township values negotiable certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual funds report.

***Capital Assets***

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

***Accumulated Leave***

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

***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:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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.

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,468,169	\$2,512,829	\$44,660
Special Revenue	11,123,822	11,134,076	10,254
Enterprise	742,331	749,118	6,787
Total	\$14,334,322	\$14,396,023	\$61,701

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,010,112	\$2,702,156	\$307,956
Special Revenue	12,270,910	10,441,488	1,829,422
Enterprise	909,078	872,044	37,034
Total	\$16,190,100	\$14,015,688	\$2,174,412

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2021
<b>Cash Management Pool:</b>	
Demand deposits	\$13,095,180
Total deposits	13,095,180
Money Market mutual Funds	79,365
Negotiable Certificates of Deposit	8,061,000
Total investments	8,140,365
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$21,235,545

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$127,480 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

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

**Note 5 – Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Note 6 – Interfund Balances**

The Township sold Tax Increment Revenue Bonds totaling \$503,500 in 2006 to its own General Fund; the interest rate is 5%. This debt is not presented in Note 10 as the improvement for infrastructure was financed by the General Fund and is being repaid to the General Fund as the additional tax increment financing revenue is received from the County Auditor. The following table details the amortization schedule of the debt:

Year	TIF – Township Bond	
	Principal	Interest
2022	\$34,642	\$9,571
2023	36,375	7,839
2024	38,193	6,020
2025	40,103	4,111
2026	42,108	2,105
Totals	\$191,421	\$29,646

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 – Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty;
- Public official’s liability;
- Cyber;
- Law enforcement liability;
- Automobile liability;
- Vehicles;
- Property; and
- Equipment breakdown

The Pool reported the following summary of liabilities and actuarially-measured assets available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township Police Officers contributed 13 percent of their gross salaries and the Township contributed an amount equaling 18.1 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

***Ohio Police and Fire Retirement System***

Township certified full-time Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2021.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Social Security***

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2021, the portion of OPERS employer contributions allocated to health care was 0 percent for members in both the traditional pension plan and in the combined plan. For 2021, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Towne Center - Morris TIF	\$655,000	4.600%
TIF - Cloverleaf Road	\$1,386,930	4.220%
Bonds - Admin/Police Building	\$1,730,000	2-3.375%
Bond Refinance	455,000	2.300%
Total	\$4,226,930	

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 started 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. In a prior year, the Township paid off the remaining principal owed for the Harson 1 bond, \$756,044, and the Township paid off the remaining principal for the Harson 2 bonds, \$514,722, both 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.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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 started 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 and these bonds were paid off early in 2021.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Towne Center Morris TIF	TIF - Cloverleaf Road	TIF - Admin / Police Building	TIF - Harson Bond Refinance
2022	\$130,130	\$203,528	\$209,870	\$95,465
2023	125,530	202,409	205,220	98,510
2024	125,930	201,079	205,570	96,440
2025	126,100	204,538	205,770	99,370
2026	126,040	202,575	205,820	97,185
2027-2031	130,750	657,536	1,019,221	
Total	<u>\$764,480</u>	<u>\$1,671,665</u>	<u>\$2,051,471</u>	<u>\$486,970</u>

**Note 11 – Contingent Liabilities**

The Township is the defendant in a lawsuit filed in 2018. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. 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.

**Note 12 – Joint Ventures**

Butler Township has an agreement with the City of Vandalia to provide joint services for fire protection and EMS. This agreement allows for joint staffing of the Butler Township Fire Station on Little York Road 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.

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 13 – 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.

**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2021, the Township received COVID-19 funding. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**Note 15 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$36,890</u>	<u>\$165,983</u>	<u>\$202,873</u>
Total	<u><u>\$36,890</u></u>	<u><u>\$165,983</u></u>	<u><u>\$202,873</u></u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 16 – Restatement of Fund Balance**

For 2021, the Township made an adjustment in the Special Revenue Funds to cancel a lost check from a prior year in the amount of \$150. The adjustment had the following effect on the financial statements in 2021:

**Butler Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Fund Cash Balances, December 31, 2020	\$4,424,656	\$15,311,305	\$184,655	\$19,920,616
Restatement		150		150
Restated Fund Cash Balances, January 1, 2021	<u>\$4,424,656</u>	<u>\$15,311,455</u>	<u>\$184,655</u>	<u>\$19,920,766</u>



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Butler Township  
Montgomery County  
3510 Sudachi Drive  
Dayton, Ohio 45414

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the proprietary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of Butler Township, Montgomery County, (the Township) and have issued our report thereon dated January 17, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit, the financial impact of COVID-19 and the continuing recovery measures which may impact subsequent periods of the Township, and the Township restated its beginning balances.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 17, 2024

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

**Material Weakness – Financial Statement Errors**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to lack of controls over the preparation of the financial statements, the Township's annual financial reports for fiscal years 2022 and 2021 contained the following errors which were material and therefore adjusted on the basic financial statements:

- The Township accumulates resources in a Fire Capital Reserve (Capital Projects) Fund in accordance with Ohio Rev. Code § 5705.13. The Township maps this fund to the Fire District (Special Revenue) Fund for reporting purposes. During 2022 and 2021, the Township did not properly map the Fire Capital Reserve (Capital Projects) Fund to the Fire District (Special Revenue) Fund for reporting purposes. As a result, January 1 and December 31 Fund Cash Balances were both overstated by \$771,494 in the Fire Capital Reserve (Capital Projects) Fund for 2022 and 2021. Additionally, January 1 and December 31 Fund Cash Balances were both understated by \$771,494 in the Fire District (Special Revenue) Fund for 2022 and 2021.

The Township should establish and implement procedures to verify the accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

**Officials' Response**

We did not receive a response from Officials to this finding.

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## Government Center

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Bryson Jackson  
*Trustee*

Missy Pruszynski  
*Trustee*

Mike Thein  
*Trustee*

Gregory A. Brush  
*Fiscal Officer*

Erika Vogel  
*Township Administrator*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022 AND 2021

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Material Weakness – Financial Statement Misstatements	Partially Corrected	Repeated as Finding 2022-001

# OHIO AUDITOR OF STATE KEITH FABER



**BUTLER TOWNSHIP**

**MONTGOMERY COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/8/2024**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)