



**BUTLER TOWNSHIP  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11

**THIS PAGE INTENTIONALLY LEFT BLANK**



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Butler Township  
Richland County  
8256 Olivesburg Fitchville Road  
Greenwich, Ohio 44837

To the Board of Trustees:

We have audited the accompanying financial statements of Butler Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

April 17, 2000



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$22,630	\$92,434	\$115,064
Intergovernmental	31,137	59,741	90,878
Licenses, Permits, and Fees	64,895	1,600	66,495
Earnings on Investments	2,317	876	3,193
Miscellaneous	24,162	955	25,117
	<u>145,141</u>	<u>155,606</u>	<u>300,747</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	45,581		45,581
Public Safety	22,489		22,489
Public Works		162,046	162,046
Health	4,234	372	4,606
Capital Outlay	605	16,473	17,078
	<u>72,909</u>	<u>178,891</u>	<u>251,800</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>72,232</u>	<u>(23,285)</u>	<u>48,947</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In		83,000	83,000
Advances-Out	(83,000)		(83,000)
Other Sources	23		23
	<u>(82,977)</u>	<u>83,000</u>	<u>23</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,745)	59,715	48,970
Fund Cash Balances, January 1	<u>44,215</u>	<u>19,755</u>	<u>63,970</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$33,470</u></b>	<b><u>\$79,470</u></b>	<b><u>\$112,940</u></b>
Reserves for Encumbrances, December 31	<u>\$150</u>	<u>\$46,867</u>	<u>\$47,017</u>

*The notes to the financial statements are an integral part of this statement.*

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$22,244	\$88,370	\$110,614
Intergovernmental	30,140	60,498	90,638
Licenses, Permits, and Fees	43,128	500	43,628
Earnings on Investments	1,614	484	2,098
Miscellaneous	5,042	417	5,459
	<u>102,168</u>	<u>150,269</u>	<u>252,437</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	30,375		30,375
Public Safety	21,466		21,466
Public Works		158,458	158,458
Health	3,581	775	4,356
Capital Outlay	2,313		2,313
	<u>57,735</u>	<u>159,233</u>	<u>216,968</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>44,433</u>	<u>(8,964)</u>	<u>35,469</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In		3,000	3,000
Advances-Out	(3,000)		(3,000)
Other Sources	2,025		2,025
	<u>(975)</u>	<u>3,000</u>	<u>2,025</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	43,458	(5,964)	37,494
Fund Cash Balances, January 1	<u>757</u>	<u>25,719</u>	<u>26,476</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$44,215</u></b>	<b><u>\$19,755</u></b>	<b><u>\$63,970</u></b>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$1,775</u>	<u>\$1,775</u>

*The notes to the financial statements are an integral part of this statement.*



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Butler Township, Richland County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance. The Township contracts with Franklin Township; C,B & S Joint Fire District; and Savannah Fire Company to provide fire services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Repurchase agreements are valued at cost.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Permissive Sales Tax Fund - This fund receives sales tax money to pay for repair and maintenance of Township roads and equipment.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**E. Budgetary Process**

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

**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. The County Budget Commission must also approve the annual appropriation measure. 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 also 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 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

The full-time employee is entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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

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

	<u>1999</u>	<u>1998</u>
Demand deposits	(\$10,289)	(\$10,944)
Investment (Repurchase Agreement)	<u>123,229</u>	<u>74,914</u>
Total deposits and investments	<u>\$112,940</u>	<u>\$63,970</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Investments:** During 1999, the Clerk did not attend and/or complete any annual continuing education programs dealing with investments while investing in repurchase agreements, contrary to Ohio Rev. Code Section 135.22.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,000	\$145,164	\$22,164
Special Revenue	229,950	238,606	8,656
Total	\$352,950	\$383,770	\$30,820

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$163,010	\$156,059	\$6,951
Special Revenue	240,503	225,758	14,745
Total	\$403,513	\$381,817	\$21,696

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,155	\$104,193	\$39,038
Special Revenue	132,750	150,269	17,519
Total	\$197,905	\$254,462	\$56,557

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,910	\$57,735	\$8,175
Special Revenue	172,515	161,008	11,507
Total	\$238,425	\$218,743	\$19,682

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEM**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public officials' liability



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Butler Township  
Richland County  
8256 Olivesburg Fitchville Road  
Greenwich, Ohio 44837

To the Board of Trustees:

We have audited the accompanying financial statements of Butler Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 17, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40570-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 17, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 17, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

April 17, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999-1998**

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

**Material Noncompliance**

**FINDING NUMBER 1999-40570-001**

**Ohio Rev. Code Section 135.22** requires the Clerk to complete annual continuing education programs provided by the Treasurer of State. Without such training, the Clerk is limited to investments in interim deposits and STAR Ohio.

The Clerk did not attend and/or complete any annual continuing education programs provided by the Treasurer of State during 1999 and still invested funds in repurchase agreements, and at year end, all of the December 31, 1999 bank balance was invested in repurchase agreements. The Clerk should either attend the required continuing education programs or limit the Township's investments to those permitted by law without training. Township Trustees should monitor the Township Clerk to ensure the Township Clerk completes the annual continuing education programs as required by Ohio Rev. Code Section 135.22.







STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**BUTLER TOWNSHIP**

**RICHLAND 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  
MAY 23, 2000**