

BUTLER TOWNSHIP

DAYTON REGION, MONTGOMERY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 – 2009



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Butler Township, Montgomery County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2010. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery:

Butler Township, paid ("picked-up") the required Employee/Elected Officials contributions for the township fiscal officer and trustees, to the Ohio Public Employees Retirement System (OPERS).

Pursuant to AG Op. No. 84-036, elected officers, whose salaries are fixed by statute, are not permitted to participate in an OPERS "pickup plan. The township fiscal officer and trustee salaries are fixed pursuant to Ohio Revised Code Section 505.24 and Section 507.09 respectively. Therefore, neither the fiscal officer nor the trustees are permitted to participate in the township's OPERS "pick-up" plan.

The following schedule details the OPERS "pick-up" paid by the Township on behalf of the respective officials during 2009, 2010, and thru May 23, 2011:

<u>Trustee</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
Michael Lang	\$0.00	\$2,057	\$870	\$2,927
Doug Orange	2,057	2,056	870	4,983
Martin Russell	0.00	2,057	870	2,927
Joseph Ellis (former trustee)	2,056	0.00	0.00	2,056
Eleanor Lewis (former trustee)	2,056	0.00	0.00	2,056
<u>Fiscal Officer</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
Mark Adams	2,818	2,817	1,192	6,827

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Michael Lang, Trustee, in the amount of \$2,927; Doug Orange, Trustee, in the amount of \$4,983; Martin Russell, Trustee, in the amount of \$2,927; Joseph Ellis, former Trustee, in the amount of \$2,056; Eleanor Lewis, former Trustee, in the amount of \$2,056; and Mark Adams, Fiscal Officer, and his bonding company, Selective Insurance Company of America, jointly and severally, in the amount of \$14,949 and in favor of Butler Township, general fund, and Mark Adams, Fiscal Officer, in the amount of \$6,827, and his bonding company, Selective Insurance Company of America, and in favor of the Butler Township, Montgomery County General Fund.

Upon notification of this issue, the Township Trustees passed Resolution No. 11-059 on July 25, 2011, authorizing the fiscal officer to deduct the following amounts from each pay for the next 12 pay periods and individually bill the former trustees for their entire portion.

Michael Lang, Trustee	\$243.92 payroll deduction for 12 pay periods
Doug Orange, Trustee	\$415.31 payroll deduction for 12 pay periods
Martin Russell, Trustee	\$243.92 payroll deduction for 12 pay periods
Mark Adams, Fiscal Officer	\$568.94 payroll deduction for 12 pay periods
Joseph Ellis (former Trustee)	\$2,056.78
Eleanor Lewis (former Trustee)	\$2,056.78

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Fiscal Officer Mark Adams approved the OPERS “pick-up” paid by the township on behalf of Michael Lang, Trustee, in the amount of \$2,927; Doug Orange, Trustee, in the amount of \$4,983; Martin Russell, Trustee, in the amount of \$2,927; Joseph Ellis, former Trustee, in the amount of \$2,056; Eleanor Lewis, former Trustee, in the amount of \$2,056.; Accordingly, Fiscal Officer Mark Adams, and his bonding company, the Selective Insurance Company of America, will be jointly and severally liable in the amount of \$21,776 and in favor of the Butler Township, Montgomery County General Fund to the extent that recovery is not obtained from Michael Lang, Doug Orange, Martin Russell, Joseph Ellis and Eleanor Lewis.

Board of Trustees
Butler Township
Page 3

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". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

December 19, 2011

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**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

TABLE OF CONTENTS

Title	Page
Independent Auditors' Report	1
Management Discussion and Analysis	4
Basic Financial Statements for Year Ended December 31, 2010:	
Government-Wide Financial Statements:	
Statement of Net Assets - Cash Basis	12
Statement of Activities - Cash Basis	13
Fund Financial Statements for Ended December 31, 2010:	
Governmental Funds	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	14
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	15
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Budget Basis) - General Fund	16
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Budget Basis) - Police District Fund	17
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Budget Basis) - Fire District Fund	18
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Budget Basis) - Harson TIF Fund	19

**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

TABLE OF CONTENTS

Title	Page
Basic Financial Statements for Year Ended December 31, 2009:	
Government-Wide Financial Statements:	
Statement of Net Assets - Cash Basis	20
Statement of Activities - Cash Basis	21
Fund Financial Statements for Ended December 31, 2009:	
Governmental Funds	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	22
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	23
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Budget Basis) - General Fund	24
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Budget Basis) - Police District Fund	25
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Budget Basis) - Fire District Fund	26
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Budget Basis) - Harson TIF Fund	27
Notes to the Financial Statements	28
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	46
Schedule of Findings	48
Schedule of Prior Audit Findings	52

Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Butler Township, Montgomery County, Ohio, (the Township), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Butler Township, Montgomery County, Ohio, as of December 31, 2010 and 2009, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General, Police District, Fire District, and Harson TIF funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2011, 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 agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should be read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 10, 2011

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Butler Township
Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

This discussion and analysis of the Butler Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2010 and 2009, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2010 are as follows:

Net assets of governmental activities increased by \$1,577,535 or 16 percent, a significant change from the prior year, primarily due to the sale of bonds, whereby \$2,500,000 was received.

The Township's general receipts are primarily property and other taxes, and grants and entitlements. These receipts represent respectively 52 percent of the total cash received for governmental activities during the year.

The Township purchased two properties that will demolish in 2011 and the land will be used to complete the Cloverleaf Road Reconstruction Project. The Township sold Build America Bonds (BAB) and these were issued prior to the end of 2010. The repayment of the bond debt will be through the TIF funds beginning in 2011.

An agreement was reached for the Township to purchase a property on Sudachi which will become the new home for the Police Department in 2011.

In 2010, the Township remodeled Fire Station 89 which included: new accessible bathrooms, new sleeping quarters for females, kitchen and the addition of a day room. The total project was \$100,000.00

Key highlights for 2009 are as follows:

Net assets of governmental activities increased by \$1,071,085 or 12 percent, a significant change from the prior year. TIF revenue and an increase in tax revenue due to significant growth within the township contributed to the increase.

The Township's general receipts are primarily property and other taxes, and grants and entitlements. These receipts represent respectively 64 percent of the total cash received for governmental activities during the year.

The Township completed construction of Towne Center Drive, a new north/south connector road between Benchwood Road and York Commons Blvd. This is a TIF funded project (Morris TIF) and was a \$900,000 public improvement.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2010 and 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the governmental activities include the Township's programs and services, including general government services, road and bridge maintenance, police, and fire services. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Township's activities are reported as governmental funds.

Governmental Funds - The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental fund for both 2010 and 2009 is the General, Police District, Fire District, and Harson TIF funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2010 compared to 2009, and 2009 compared to 2008 on a cash basis:

	Governmental Activities				
	2010	2009	Change	2008	Change
Assets					
Cash and Cash Equivalents	11,307,741	9,730,206	1,577,535	8,659,121	1,071,085
Total Assets	<u>\$11,307,741</u>	<u>\$9,730,206</u>	<u>1,577,535</u>	<u>\$8,659,121</u>	<u>\$1,071,085</u>
Net Assets					
Restricted	8,691,005	6,893,242	1,797,763	5,252,951	1,640,291
Unrestricted	2,616,736	2,836,964	(220,228)	3,406,170	(569,206)
Total Net Assets	<u>\$11,307,741</u>	<u>\$9,730,206</u>	<u>1,577,535</u>	<u>\$8,659,121</u>	<u>\$1,071,085</u>

As mentioned previously, net assets of governmental activities increased \$1,577,535 or approximately 16 percent during 2010. One of the primary reasons for the increase is the newly created Harson TIF, whereby \$3,405,000 was received in 2010. The Township has also continued to experience significant growth in commercial and residential development and income increases in tax revenue for TIF/RID programs.

In 2009, net assets of governmental activities increased \$1,071,085 or approximately 12 percent. One of the primary reasons for the increase is significant growth in commercial and residential development and increases in tax revenue for TIF/RID programs.

Table 2 reflects the changes in net assets on a cash basis in 2010, 2009 and 2008 for governmental activities.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		2008
	2010	2009	
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$1,319,941	\$1,324,645	\$1,431,216
Operating Grants and Contributions	1,006,422	1,833,805	830,742
Capital Grants and Contributions	0	202,223	0
Total Program Receipts	<u>2,326,363</u>	<u>3,360,673</u>	<u>2,261,958</u>
General Receipts:			
Property and Other Local Taxes	4,918,734	5,184,319	5,192,453
Other Taxes	536,995	475,303	504,628
Grants and Entitlements Not Restricted to Specific Programs	411,466	567,854	431,911
Sale of Bonds	2,500,000	0	1,300,000
Sale of Fixed Assets	209,324	14,648	22,785
Earnings on Investments	30,923	51,661	221,792
Miscellaneous	167,439	101,821	118,884
Total General Receipts	<u>8,774,881</u>	<u>6,395,606</u>	<u>7,792,453</u>
Total Receipts	<u>11,101,244</u>	<u>9,756,279</u>	<u>10,054,411</u>
Disbursements:			
General Government	1,905,030	1,664,092	1,269,207
Public Safety	4,499,968	3,785,797	3,622,776
Public Works	1,680,322	1,307,278	1,557,004
Health	34,507	26,983	28,417
Capital Outlay	830,810	1,568,627	1,619,783
Other Financing Uses	241,083	0	0
Principal Retirement	184,184	176,074	168,404
Interest and Fiscal Charges	147,805	156,343	168,165
Total Disbursements	<u>9,523,709</u>	<u>8,685,194</u>	<u>8,433,756</u>
Increase (Decrease) in Net Assets	1,577,535	1,071,085	1,620,655
Net Assets, January 31	<u>9,730,206</u>	<u>8,659,121</u>	<u>7,038,466</u>
Net Assets, December 31	<u>\$11,307,741</u>	<u>\$9,730,206</u>	<u>\$8,659,121</u>

Program receipts represent 21 and 34 percent of total receipts for 2010 and 2009, respectively and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, zoning permits, cemetery receipts and miscellaneous fines and fees.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

General receipts in the governmental activities represent 79 and 66 percent of the Township's total receipts for 2010 and 2009, respectively. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Property and other local taxes represent 62 and 88 percent of the general receipts. Grants and entitlements also make up a significant portion of total general receipts representing 5 and 9 percent in 2010 and 2009, respectively. The sale of bonds in 2010 accounted for 28 percent of total general receipts. Other receipts are relatively insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of board members and fiscal officer, attorney fees, UAN fees, tax collection fees, utilities, payroll, capital improvements such as sidewalk programs, and finally transfers supporting other funds as needed

Security of Persons and Property are the costs of police and fire protection; Health is the cost of maintaining the cemetery; Public Works are the costs of maintaining the roads and bridges and garbage removal; capital outlay is various capital projects, and principal retirement is TIF's.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and general government, which account for 47 percent and 20 percent, respectively, of all disbursements in 2010 and 44 percent and 19 percent, respectively, of all disbursements made in 2009. Public works also represents significant costs at about 18 and 15 percent in 2010 and 2009, respectively. In 2009, capital outlay also represents a significant portion of total disbursements at 18 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

(Table 3)

	Governmental Activities					
	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$1,905,030	(\$1,736,361)	\$1,664,092	(\$1,435,628)	\$1,269,207	(\$1,029,093)
Public Safety	4,499,968	(3,394,711)	3,785,797	(2,004,291)	3,622,776	(2,622,886)
Public Works	1,680,322	(666,931)	1,307,278	1,571	1,557,004	(604,893)
Health	34,507	4,539	26,983	14,871	28,417	11,513
Other	0	0	0	0	0	29,913
Other Financing Uses	241,083	(241,083)	0	0	0	0
Capital Outlay	830,810	(830,810)	1,568,627	(1,568,627)	1,619,783	(1,619,783)
Debt Service:						
Principal Retirement	184,184	(184,184)	176,074	(176,074)	168,404	(168,404)
Interest and Fiscal Charges	147,805	(147,805)	156,343	(156,343)	168,165	(168,165)
Total Expenses	\$9,523,709	(\$7,197,346)	\$8,685,194	(\$5,324,521)	\$8,433,756	(\$6,171,798)

The dependence upon property tax receipts is apparent as approximately 76 and 81 percent of governmental activities are supported through these general receipts in 2010 and 2009, respectively.

The Township's Funds

Total governmental funds had receipts of \$11,101,244 and \$9,756,279 and disbursements of \$9,523,709 and \$8,685,194 in 2010 and 2009, respectively. Total governmental funds receipts were greater than disbursements by \$1,577,535 and \$1,071,085 in 2010 and 2009, respectively, indicating that the Township is in a positive spending situation.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010 and 2009, the Township amended its General Fund budget to reflect changing circumstances. In 2010, final budgeted receipts were \$1,584,790 while actual receipts were \$1,487,405. In 2009, final budgeted receipts were \$1,557,662 while actual receipts were \$1,585,466. For both years, actual receipts were above budgeted receipts due to conservative spending estimates.

In 2010, final appropriations for the General Fund were \$2,926,976, while actual disbursements were \$1,707,633. In 2009, final appropriations budgeted for the General Fund were \$3,510,873 while actual disbursements were \$2,154,672. For both years, actual disbursements were less than final budgeted appropriations due to conservative spending.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Township currently keeps track of its newly purchased capital assets by reporting it to our insurance company yearly.

Debt

At December 31, 2010, the Township's outstanding debt was \$186,100. The Township has bonds (TIFs) in the amount of \$6,412,788 assigned by security agreement for repayment; these are backed by the full faith and credit of the Township. The Township is acting as a conduit in collecting and disbursing the funds. The Township has capital leases in the amount of \$99,466 for facilities and equipment. For further information regarding the Township's debt and leases, refer to Notes 9 and 10 to the basic financial statements

Current Issues

The challenge for all Township's is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes and have seen substantial growth in the township in the TIF and RID areas. All departments have been asked to prepare a report for review to address both short and long term budget issues.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mark Adams, Fiscal Officer, Butler Township, 8524 N. Dixie Drive, Ohio 45414.

Butler Township
Montgomery County
Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>11,307,741</u>
Total Assets	\$ <u><u>11,307,741</u></u>
 Net Assets	
Restricted For:	
Other Purposes	\$ 8,691,005
Unrestricted	<u>2,616,736</u>
Total Net Assets	\$ <u><u>11,307,741</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 1,905,030	\$ 168,669	\$ 0	\$ (1,736,361)
Public Safety	4,499,968	401,337	703,920	(3,394,711)
Public Works	1,680,322	710,889	302,502	(666,931)
Health	34,507	39,046	0	4,539
Other Financing Uses	241,083	0	0	(241,083)
Capital Outlay	830,810	0	0	(830,810)
Debt Service:				
Principal	184,184	0	0	(184,184)
Interest	147,805	0	0	(147,805)
Total Governmental Activities	\$ 9,523,709	\$ 1,319,941	\$ 1,006,422	(7,197,346)
General Receipts				
Property Taxes				4,918,734
Other Taxes				536,995
Grants and Entitlements not Restricted to Specific Programs				411,466
Sale of Bonds				2,500,000
Sale of Fixed Assets				209,324
Earnings on Investments				30,923
Miscellaneous				167,439
Total General Receipts				8,774,881
Change in Net Assets				1,577,535
Net Assets Beginning of Year				9,730,206
Net Assets End of Year				11,307,741

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	<u>General</u>	<u>Police District</u>	<u>Fire District</u>	<u>Harson (TIF)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 2,616,736	\$ 262,516	\$ 3,247,660	\$ 3,217,381	\$ 1,963,448	\$ 11,307,741
Total Assets	<u>\$ 2,616,736</u>	<u>\$ 262,516</u>	<u>\$ 3,247,660</u>	<u>\$ 3,217,381</u>	<u>\$ 1,963,448</u>	<u>\$ 11,307,741</u>
Fund Balances						
Reserved for Encumbrances	\$ 30,378	\$ 11,880	\$ 9,311	\$ 53,263	\$ 22,946	\$ 127,778
Unreserved, undesignated, reported in:						
General Fund	\$ 2,586,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,586,358
Special Revenue Funds	<u>0</u>	<u>250,636</u>	<u>3,238,349</u>	<u>3,164,118</u>	<u>1,940,502</u>	<u>8,593,605</u>
Total Fund Balances	<u>\$ 2,616,736</u>	<u>\$ 262,516</u>	<u>\$ 3,247,660</u>	<u>\$ 3,217,381</u>	<u>\$ 1,963,448</u>	<u>\$ 11,307,741</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Police District	Fire District	Harson (TIF)	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 665,536	\$ 1,041,938	\$ 1,780,971	\$ 904,729	\$ 1,094,087	\$ 5,487,261
Charges for Services	0	3,322	397,037	0	569,837	970,196
Licenses, Permits and Fees	117,208	10	0	0	33,265	150,483
Fines and Forfeitures	4,967	968	0	0	0	5,935
Intergovernmental	411,466	271,255	432,666	0	302,501	1,417,888
Special Assessments	35,417	0	0	0	109,520	144,937
Earnings on Investments	30,632	0	0	0	291	30,923
Miscellaneous	122,799	31,043	14,104	0	16,351	184,297
Total Receipts	\$ 1,388,025	\$ 1,348,536	\$ 2,624,778	\$ 904,729	\$ 2,125,852	\$ 8,391,920
Disbursements						
Current:						
General Government	\$ 1,155,864	\$ 0	\$ 0	\$ 303,131	\$ 446,035	\$ 1,905,030
Public Safety	0	1,860,108	2,639,860	0	0	4,499,968
Public Works	3,600	0	0	0	1,676,722	1,680,322
Health	0	0	0	0	34,507	34,507
Capital Outlay	205,169	985	63,301	71,459	489,896	830,810
Debt Service:						
Principal Retirement	0	0	0	127,184	57,000	184,184
Interest and Fiscal Charges	0	0	0	143,165	4,640	147,805
Total Disbursements	\$ 1,364,633	\$ 1,861,093	\$ 2,703,161	\$ 644,939	\$ 2,708,800	\$ 9,282,626
Excess of Receipts Over (Under) Disbursements	23,392	(512,557)	(78,383)	259,790	(582,948)	(890,706)
Other Financing Sources (Uses)						
Sale of Bonds	\$ 0	\$ 0	\$ 0	\$ 2,500,000	\$ 0	\$ 2,500,000
Sale of Fixed Assets	0	9,822	199,502	0	0	209,324
Transfers In	99,380	250,000	0	0	93,000	442,380
Transfers Out	(343,000)	0	0	(44,213)	(55,167)	(442,380)
Other Financing Uses	0	0	0	(241,083)	0	(241,083)
Total Other Financing Sources (Uses)	\$ (243,620)	\$ 259,822	\$ 199,502	\$ 2,214,704	\$ 37,833	\$ 2,468,241
Net Change in Fund Balances	(220,228)	(252,735)	121,119	2,474,494	(545,115)	1,577,535
Fund Balances Beginning of Year	2,836,964	515,251	3,126,541	742,887	2,508,563	9,730,206
Fund Balances End of Year	<u>\$ 2,616,736</u>	<u>\$ 262,516</u>	<u>\$ 3,247,660</u>	<u>\$ 3,217,381</u>	<u>\$ 1,963,448</u>	<u>\$ 11,307,741</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 657,699	\$ 695,533	\$ 665,536	\$ (29,997)
License, Permits and Fees	100,000	147,207	117,208	(29,999)
Fines and Forfeitures	12,000	4,966	4,967	1
Intergovernmental	220,280	448,858	411,466	(37,392)
Special Assessments	49,810	35,415	35,417	2
Earnings on Investments	100,000	30,632	30,632	0
Miscellaneous	122,691	122,798	122,799	1
Total receipts	<u>\$ 1,262,480</u>	<u>\$ 1,485,409</u>	<u>\$ 1,388,025</u>	<u>\$ (97,384)</u>
Disbursements				
Current:				
General Government	\$ 1,191,450	\$ 1,250,349	\$ 1,181,304	\$ 69,045
Public Works	5,000	3,601	3,600	1
Health	11,000	11,000	0	11,000
Capital Outlay	<u>1,279,500</u>	<u>1,300,945</u>	<u>210,107</u>	<u>1,090,838</u>
Total Disbursements	<u>\$ 2,486,950</u>	<u>\$ 2,565,895</u>	<u>\$ 1,395,011</u>	<u>\$ 1,170,884</u>
Excess of Receipts Over (Under) Disbursements	(1,224,470)	(1,080,486)	(6,986)	1,073,500
Other Financing Sources (Uses)				
Transfers In	99,381	99,381	99,380	(1)
Transfers Out	(343,000)	(343,000)	(343,000)	0
Other Financing Sources	161	0	0	0
Other Financing Uses	<u>0</u>	<u>(203)</u>	<u>0</u>	<u>203</u>
Total Other Financing Sources (Uses)	<u>(243,458)</u>	<u>(243,822)</u>	<u>(243,620)</u>	<u>202</u>
Net Change in Fund Balance	(1,467,928)	(1,324,308)	(250,606)	1,073,702
Fund Balance Beginning of Year	2,819,086	2,819,086	2,819,086	0
Prior Year Encumbrances Appropriated	<u>17,878</u>	<u>17,878</u>	<u>17,878</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,369,036</u>	<u>\$ 1,512,656</u>	<u>\$ 2,586,358</u>	<u>\$ 1,073,702</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,019,666	\$ 1,041,937	\$ 1,041,938	\$ 1
Charges for Service	0	3,321	3,322	1
Licenses, Permits and Fees	30	10	10	0
Fines and Forfeitures	1,500	968	968	0
Intergovernmental	250,673	271,253	271,255	2
Miscellaneous	36,590	41,368	31,043	(10,325)
Total receipts	<u>\$ 1,308,459</u>	<u>\$ 1,358,857</u>	<u>\$ 1,348,536</u>	<u>\$ (10,321)</u>
Disbursements				
Current:				
Public Safety	\$ 1,817,105	\$ 1,872,433	\$ 1,871,988	\$ 445
Capital Outlay	2,800	985	985	0
Total Disbursements	<u>\$ 1,819,905</u>	<u>1,873,418</u>	<u>1,872,973</u>	<u>445</u>
Excess of Receipts Over (Under) Disbursements	(511,446)	(514,561)	(524,437)	(9,876)
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 9,822	\$ 9,822
Transfers In	250,000	250,000	250,000	0
Total Other Financing Sources (Uses)	<u>\$ 250,000</u>	<u>250,000</u>	<u>259,822</u>	<u>9,822</u>
Net Change in Fund Balance	(261,446)	(264,561)	(264,615)	(54)
Fund Balance Beginning of Year	495,550	495,550	495,550	0
Prior Year Encumbrances Appropriated	19,701	19,701	19,701	0
Fund Balance End of Year	<u>\$ 253,805</u>	<u>\$ 250,690</u>	<u>\$ 250,636</u>	<u>\$ (54)</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,734,561	\$ 1,780,970	\$ 1,780,971	\$ 1
Charges for Services	298,603	397,036	397,037	1
Intergovernmental	404,037	432,663	432,666	3
Miscellaneous	5,000	5,000	14,104	9,104
Total receipts	<u>\$ 2,442,201</u>	<u>\$ 2,615,669</u>	<u>\$ 2,624,778</u>	<u>\$ 9,109</u>
Disbursements				
Current:				
Public Works	\$ 2,744,630	\$ 2,824,038	\$ 2,649,171	\$ 174,867
Capital Outlay	84,050	77,050	63,301	13,749
Total Disbursements	<u>\$ 2,828,680</u>	<u>\$ 2,901,088</u>	<u>\$ 2,712,472</u>	<u>\$ 188,616</u>
Excess of Receipts Over (Under) Disbursements	(386,479)	(285,419)	(87,694)	197,725
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 150,000	\$ 199,502	\$ 49,502
Net Change in Fund Balance	(386,479)	(135,419)	111,808	247,227
Fund Balance Beginning of Year	3,084,004	3,084,004	3,084,004	0
Prior Year Encumbrances Appropriated	42,537	42,537	42,537	0
Fund Balance End of Year	<u>\$ 2,740,062</u>	<u>\$ 2,991,122</u>	<u>\$ 3,238,349</u>	<u>\$ 247,227</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Harson (TIF)
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,415,000	\$ 904,729	\$ 904,729	\$ 0
Total receipts	\$ 1,415,000	\$ 904,729	\$ 904,729	\$ 0
Disbursements				
Current:				
General Government	\$ 0	\$ 305,000	\$ 303,131	\$ 1,869
Capital Outlay	95,000	129,268	124,722	4,546
Debt Service:				
Principal Retirement	105,184	130,184	127,184	3,000
Interest and Fiscal Charges	665,220	418,569	143,165	275,404
Total Disbursements	865,404	983,021	698,202	284,819
Excess of Receipts Over (Under) Disbursements	549,596	(78,292)	206,527	284,819
Other Financing Sources (Uses)				
Sale of Bonds	\$ 0	\$ 0	\$ 2,500,000	\$ 2,500,000
Transfers Out	(44,214)	(44,214)	(44,213)	1
Other Financing Uses	0	0	(241,083)	(241,083)
Total Other Financing Sources (Uses)	(44,214)	(44,214)	2,214,704	2,258,918
Net Change in Fund Balance	505,382	(122,506)	2,421,231	2,543,737
Fund Balance Beginning of Year	742,887	742,887	742,887	0
Fund Balance End of Year	\$ 1,248,269	\$ 620,381	\$ 3,164,118	\$ 2,543,737

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>9,730,206</u>
Total Assets	\$ <u><u>9,730,206</u></u>
 Net Assets	
Restricted For:	
Other Purposes	\$ 6,893,242
Unrestricted	<u>2,836,964</u>
Total Net Assets	\$ <u><u>9,730,206</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	<u>Program Cash Receipts</u>				<u>Net (Disbursements)</u>
	<u>Cash</u>	<u>Charges</u>	<u>Operating</u>	<u>Capital</u>	<u>Receipts and</u>
	<u>Disbursements</u>	<u>for Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net</u>
		<u>and Sales</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Assets</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental Activities					
General Government	\$ 1,664,092	\$ 228,464	\$ 0	\$ 0	\$ (1,435,628)
Public Safety	3,785,797	358,751	1,220,532	202,223	(2,004,291)
Public Works	1,307,278	695,576	613,273	0	1,571
Health	26,983	41,854	0	0	14,871
Capital Outlay	1,568,627	0	0	0	(1,568,627)
Debt Service:					
Principal	176,074	0	0	0	(176,074)
Interest	156,343	0	0	0	(156,343)
Total Governmental Activities	<u>\$ 8,685,194</u>	<u>\$ 1,324,645</u>	<u>\$ 1,833,805</u>	<u>202,223</u>	<u>\$ (5,324,521)</u>

General Receipts

Property Taxes	\$ 5,184,319
Other Taxes	475,303
Grants and Entitlements not Restricted to Specific Programs	567,854
Sale of Fixed Assets	14,648
Earnings on Investments	51,661
Miscellaneous	<u>101,821</u>
Total General Receipts	\$ 6,395,606
Change in Net Assets	\$ 1,071,085
Net Assets Beginning of Year	<u>\$ 8,659,121</u>
Net Assets End of Year	<u><u>\$ 9,730,206</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	<u>General</u>	<u>Police District</u>	<u>Fire District</u>	<u>Harson (TIF)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 2,836,964	\$ 515,251	\$ 3,126,541	\$ 742,887	\$ 2,508,563	\$ 9,730,206
Total Assets	<u>\$ 2,836,964</u>	<u>\$ 515,251</u>	<u>\$ 3,126,541</u>	<u>\$ 742,887</u>	<u>\$ 2,508,563</u>	<u>\$ 9,730,206</u>
Fund Balances						
Reserved for Encumbrances	\$ 17,878	\$ 19,701	\$ 42,537	\$ 0	\$ 18,044	\$ 98,160
Unreserved, undesignated, reported in:						
General Fund	\$ 2,819,086	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,819,086
Special Revenue Funds	0	495,550	3,084,004	742,887	2,490,519	6,812,960
Total Fund Balances	<u>\$ 2,836,964</u>	<u>\$ 515,251</u>	<u>\$ 3,126,541</u>	<u>\$ 742,887</u>	<u>\$ 2,508,563</u>	<u>\$ 9,730,206</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Police District	Fire District	Harson (TIF)	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 592,101	\$ 1,002,399	\$ 1,700,369	\$ 996,709	\$ 1,399,211	\$ 5,690,789
Charges for Services	0	0	356,568	0	556,101	912,669
Licenses, Permits and Fees	111,718	12	0	0	35,695	147,425
Fines and Forfeitures	11,188	2,183	0	0	0	13,371
Intergovernmental	567,854	560,069	862,687	0	613,274	2,603,884
Special Assessments	94,334	0	0	0	108,307	202,641
Earnings on Investments	48,825	0	0	0	2,836	51,661
Miscellaneous	62,171	26,733	5,139	0	25,148	119,191
Total Receipts	\$ 1,488,191	\$ 1,591,396	\$ 2,924,763	\$ 996,709	\$ 2,740,572	\$ 9,741,631
Disbursements						
Current:						
General Government	\$ 1,072,799	\$ 0	\$ 0	\$ 487,202	\$ 104,091	\$ 1,664,092
Public Safety	0	1,656,539	2,109,566	0	19,692	3,785,797
Public Works	2,907	0	0	0	1,304,371	1,307,278
Health	0	0	0	0	26,983	26,983
Capital Outlay	625,966	63,090	73,657	527,999	277,915	1,568,627
Debt Service:						
Principal Retirement	0	0	0	121,074	55,000	176,074
Interest and Fiscal Charges	0	0	0	149,503	6,840	156,343
Total Disbursements	\$ 1,701,672	\$ 1,719,629	\$ 2,183,223	\$ 1,285,778	\$ 1,794,892	\$ 8,685,194
Excess of Receipts Over (Under) Disbursements	(213,481)	(128,233)	741,540	(289,069)	945,680	1,056,437
Other Financing Sources (Uses)						
Sale of Fixed Assets	\$ 7,324	\$ 0	\$ 0	\$ 0	\$ 7,324	\$ 14,648
Transfers In	89,951	361,120	0	0	195,505	646,576
Transfers Out	(453,000)	0	0	(30,210)	(163,366)	(646,576)
Total Other Financing Sources (Uses)	\$ (355,725)	\$ 361,120	\$ 0	\$ (30,210)	\$ 39,463	\$ 14,648
Net Change in Fund Balances	(569,206)	232,887	741,540	(319,279)	985,143	1,071,085
Fund Balances Beginning of Year	3,406,170	282,364	2,385,001	1,062,166	1,523,420	8,659,121
Fund Balances End of Year	<u>\$ 2,836,964</u>	<u>\$ 515,251</u>	<u>\$ 3,126,541</u>	<u>\$ 742,887</u>	<u>\$ 2,508,563</u>	<u>\$ 9,730,206</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 655,262	\$ 608,391	\$ 592,101	\$ (16,290)
License, Permits and Fees	69,000	111,718	111,718	0
Fines and Forfeitures	10,000	11,187	11,188	1
Intergovernmental	226,882	567,481	567,854	373
Special Assessments	35,235	94,332	94,334	2
Earnings on Investments	205,000	5,000	48,825	43,825
Miscellaneous	26,284	69,602	62,171	(7,431)
Total receipts	<u>\$ 1,227,663</u>	<u>\$ 1,467,711</u>	<u>\$ 1,488,191</u>	<u>\$ 20,480</u>
Disbursements				
Current:				
General Government	\$ 1,258,705	\$ 1,197,441	\$ 1,090,677	\$ 106,764
Public Works	5,000	5,000	2,907	2,093
Health	0	11,000	0	11,000
Capital Outlay	<u>1,845,967</u>	<u>1,844,432</u>	<u>625,966</u>	<u>1,218,466</u>
Total Disbursements	<u>\$ 3,109,672</u>	<u>\$ 3,057,873</u>	<u>\$ 1,719,550</u>	<u>\$ 1,338,323</u>
Excess of Receipts Over (Under) Disbursements	(1,882,009)	(1,590,162)	(231,359)	1,358,803
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	7,324	\$ 7,324
Transfers In	85,369	89,951	89,951	0
Transfers Out	(453,000)	(453,000)	(453,000)	0
Other Financing Sources	<u>161</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(367,470)</u>	<u>(363,049)</u>	<u>(355,725)</u>	<u>7,324</u>
Net Change in Fund Balance	(2,249,479)	(1,953,211)	(587,084)	1,366,127
Fund Balance Beginning of Year	3,268,830	3,268,831	3,268,830	0
Prior Year Encumbrances Appropriated	<u>137,340</u>	<u>137,340</u>	<u>137,340</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,156,691</u>	<u>\$ 1,452,960</u>	<u>\$ 2,819,086</u>	<u>\$ 1,366,127</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,086,395	\$ 1,021,823	\$ 1,002,399	\$ (19,424)
Licenses, Permits and Fees	30	30	12	(18)
Fines and Forfeitures	1,500	2,184	2,183	(1)
Intergovernmental	234,773	560,068	560,069	1
Miscellaneous	36,640	26,734	26,733	(1)
Total receipts	<u>\$ 1,359,338</u>	<u>\$ 1,610,839</u>	<u>\$ 1,591,396</u>	<u>\$ (19,443)</u>
Disbursements				
Current:				
Public Safety	\$ 1,736,143	\$ 1,742,466	\$ 1,676,240	\$ 66,226
Capital Outlay	33,300	65,196	63,090	2,106
Total Disbursements	<u>\$ 1,769,443</u>	<u>1,807,662</u>	<u>1,739,330</u>	<u>68,332</u>
Excess of Receipts Over (Under) Disbursements	(410,105)	(196,823)	(147,934)	48,889
Other Financing Sources (Uses)				
Transfer In	\$ 360,000	\$ 361,120	\$ 361,120	\$ 0
Net Change in Fund Balance	(50,105)	164,297	213,186	48,889
Fund Balance Beginning of Year	261,484	261,484	261,484	0
Prior Year Encumbrances Appropriated	20,880	20,880	20,880	0
Fund Balance End of Year	<u>\$ 232,259</u>	<u>\$ 446,661</u>	<u>\$ 495,550</u>	<u>\$ 48,889</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,806,257	\$ 1,731,549	\$ 1,700,369	\$ (31,180)
Charges for Services	292,206	353,706	356,568	2,862
Intergovernmental	326,537	862,686	862,687	1
Miscellaneous	5,000	5,139	5,139	0
Total receipts	<u>\$ 2,430,000</u>	<u>\$ 2,953,080</u>	<u>\$ 2,924,763</u>	<u>\$ (28,317)</u>
Disbursements				
Current:				
Public Works	\$ 2,715,663	\$ 2,688,998	\$ 2,147,007	\$ 541,991
Capital Outlay	78,955	80,955	78,752	2,203
Total Disbursements	<u>\$ 2,794,618</u>	<u>\$ 2,769,953</u>	<u>\$ 2,225,759</u>	<u>\$ 544,194</u>
Excess of Receipts Over (Under) Disbursements	(364,618)	183,127	699,004	515,877
Net Change in Fund Balance	(364,618)	183,127	699,004	515,877
Fund Balance Beginning of Year	2,354,467	2,354,467	2,354,467	0
Prior Year Encumbrances Appropriated	<u>30,533</u>	<u>30,533</u>	<u>30,533</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 2,020,382</u></u>	<u><u>\$ 2,568,127</u></u>	<u><u>\$ 3,084,004</u></u>	<u><u>\$ 515,877</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Harson (TIF)
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,940,000	\$ 996,709	\$ 996,709	\$ 0
Total receipts	\$ 1,940,000	\$ 996,709	\$ 996,709	\$ 0
Disbursements				
Current:				
General Government	\$ 0	\$ 490,000	\$ 487,202	\$ 2,798
Capital Outlay	85,000	551,558	527,999	23,559
Debt Service:				
Principal Retirement	1,419,119	122,119	121,074	1,045
Interest and Fiscal Charges	0	150,000	149,503	497
Total Disbursements	<u>1,504,119</u>	<u>1,313,677</u>	<u>1,285,778</u>	<u>27,899</u>
Excess of Receipts Over (Under) Disbursements	435,881	(316,968)	(289,069)	27,899
Transfers Out	\$ (30,210)	\$ (30,210)	\$ (30,210)	\$ 0
Net Change in Fund Balance	405,671	(347,178)	(319,279)	27,899
Fund Balance Beginning of Year	<u>1,062,166</u>	<u>1,062,166</u>	<u>1,062,166</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 1,467,837</u></u>	<u><u>\$ 714,988</u></u>	<u><u>\$ 742,887</u></u>	<u><u>\$ 27,899</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 1 – Reporting Entity

The Butler Township, Montgomery County, Ohio (the Township), is a body politic and corporate established in 1817 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection, police protection, and zoning.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The township does not consist of any component units, which are legally separate organizations for which the township is financially accountable.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a jointly governed organization with the City of Dayton known as the Butler Township – Dayton Joint Economic Development District (JEDD), which the Township and the City have entered into the contract 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. (as mentioned in note13) 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. Note 13 to the financial statements provide additional information for JEDD.

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

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *cash* basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. All of the Township's funds are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds in 2010 and 2009, were the General, Police District, Fire District and Harson (TIF) funds.

General Fund - is used to account for all financial resources, except those required to be accounted for 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.

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.

The Township's other governmental funds account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 was \$30,632, and \$291 to other funds. Interest receipts credited to the General Fund during 2009 was \$48,825 and \$2,836 to other funds.

In 2010 and 2009, the Township invests in a money market mutual and U.S. Treasury/Agency Securities through Fifth Third Securities, Inc., a registered broker-dealer, who is a wholly owned subsidiary of Fifth Third Bank. The Township's money market mutual fund is reported at the amount reported by the Township's financial institution. U.S. Treasury Bills are reported at the cost of the investment.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies, (Continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township does not have any restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies, (Continued)

The Township first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Police district, Fire district, and Harson TIF funds, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2010 (budget basis) amounted to \$30,378 for the general fund, \$11,880 for the police district, \$9,311 for the fire district, and \$0 for Harson TIF; encumbrances outstanding at December 31, 2009 (budget basis) amounted to \$17,878 for the General fund, \$19,701 Police District, \$42,537 for the Fire District, and \$0 for Harson TIF.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained as cash in the Township treasury, in commercial accounts payable, or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments, (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments (Continued)

Deposits

At year-ended December 31 2010, the carrying amount of the Township's deposits was \$6,307,696 and the bank balance was \$6,452,009. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$6,202,009 was exposed to custodial risk as discussed below, while \$250,000 was covered by Federal Depository Insurance Corporation. At year-ended December 31, 2009, the carrying amount of the Township's deposits was \$3,258,045, and the bank balance was \$3,298,110. Of the bank balance \$3,048,110 was exposed to custodial risk as discussed below, while \$250,000 was covered by Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of carrying value of the deposits. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit risk - the Money Market Fund carries a rating of AAA by Standard and Poor's and AAA by Moody's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has an investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments, (Continued)

As of December 31, 2010 and 2009, the Township had the following investments:

	2010		2009	
	Carrying Value	Maturity	Carrying Value	Maturity
U.S. Treasury Bill	793,559	8/15/12	800,644	8/15/12
Fifth Third Money Market	4,206,486	daily	5,671,517	daily
Total Portfolio at Cost	<u>\$5,000,045</u>		<u>\$6,472,161</u>	

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax (other than public utility property) were entirely phased out in 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values of real property, public utility property, and tangible personal property upon which 2010 and 2009 property tax receipts were based are as follows:

	2010	2009
Real Property		
Residential/Agriculture	\$205,493,200	\$205,202,430
Commercial/Industrial	40,995,900	43,268,780
Public Utility Real	131,620	121,950
Public Utility Personal	4,704,400	4,508,590
Total Assessed Value	<u>\$251,325,120</u>	<u>\$253,101,750</u>

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Beginning in 2010, the Township contracted with Argonaut Insurance Company, a private insurance company, through Wells Fargo Insurance Services of Ohio to provide property and casualty coverage with coverage as follows:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
General Aggregate Liability	3,000,000
Products-Completed Operations	3,000,000
Personal and Advertising Injury	1,000,000
Damage to Rented Premises	100,000
Automobile Liability	1,000,000
Law Enforcement Wrongful Acts	1,000,000
Public Official's Liability	1,000,000
Employment Practices Liability	1,000,000
Commercial Excess Liability	1,000,000

Prior to contracting with Argonaut Insurance Company the Township was a member of the Ohio Plan Risk Management (the Plan.) Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 7 – Defined Benefit Pension Plan, (Continued)

Ohio Revised Code provides statutory authority for member and employer contributions. For 2010 and 2009, member and contribution rates were consistent across all three plans, law enforcement and public safety divisions exist only within the traditional plan. The 2010 and 2009, member contribution rates were 10.0 percent, for members in state and local classifications. Public safety and law enforcement members contributed 10.1 percent and 11.1 percent, respectively. The Township's contribution rate for 2010 and 2009 was 14.0 percent, for, except for those plan members in law enforcement or public safety, for whom the Township contribution was 17.87 percent for 2010 and 17.4 percent for 2009, of covered payroll.

The Township's required contributions for the years pension obligations to the tradition pension and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$556,604, 422,293, and \$460,635, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of annual covered salary, the Township is required to contribute 24 percent for firefighters. Contribution rates are established by state statute. The Township's contributions for firefighters were \$297,811, \$163,736 and \$213,284 for the years ended December 31, 2010, 2009 and 2008, respectively. The full amount has been contributed for 2010, 2009 and 2008.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan. For qualifying members of the Traditional Pension and Combined Plans, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 8 - Postemployment Benefits, (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377. The Ohio Revised Code provides statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, local government employer units contributed at 14 percent of covered payroll and law enforcement or public safety contribution was 17.87 percent for 2010 and 17.4 percent for 2009. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement or public safety units. Active members do not make contributions to the OPEB plan.

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For January 1 through February 28, 2010, the employer contribution allocated to the health care plan was 5.5 percent and 5.0 percent from March 1 through December 31, 2010, respectively, of covered payroll. For January 1 through March 31, 2009, the employer contribution allocated to the health care plan was 7.0 percent and 5.5 percent from April 1 through December 31, 2009, respectively, of covered payroll. The portion of employer contributions allocated to health care for members in the combined plan was 4.73 percent from January 1, 2010 through February 28, 2010 and 4.23 percent from March 1, 2010 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The Township's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$189,245, \$152,025, and \$184,254, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

The OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates for state and local employers increased as of January 1, of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 8 - Postemployment Benefits, (Continued)

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions to OP&F to fund postemployment benefits for the years ended December 31, 2010, 2009, and 2008 were \$83,685, \$46,010, and \$48,232, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 9 - Debt

The Township's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate %	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>Governmental Activities</u>						
Tax Increment Revenue Bonds (1)	4.00	\$116,000	\$0	\$57,000	\$59,000	\$59,000
Tax Increment Revenue Bonds (2)	4.60	1,300,000	0	0	1,300,000	0
TIF – Harson 1	5.00	843,639	0	32,648	810,991	34,281
TIF – Harson 2	5.00	1,874,333	0	72,536	1,801,797	76,161
PNC Emergency Equip	4.91	149,100	0	22,000	127,100	23,000
TIF – Cloverleaf Road	4.22	0	2,500,000	0	2,500,000	0
Total Governmental Activities		<u>\$4,283,072</u>	<u>\$2,500,000</u>	<u>\$184,184</u>	<u>\$6,598,888</u>	<u>\$192,442</u>

The Township's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate %	Balance December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2009</u>	Due Within <u>One Year</u>
<u>Governmental Activities</u>						
Tax Increment Revenue Bonds (1)	4.00	\$171,000	\$0	\$55,000	\$116,000	\$57,000
Tax Increment Revenue Bonds (2)	4.60	1,300,000	0	0	1,300,000	0
TIF – Harson 1	5.00	874,732	0	31,093	843,639	32,648
TIF – Harson 2	5.00	1,943,414	0	69,081	1,874,333	72,536
PNC Emergency Equip	4.91	170,000	0	20,900	149,100	22,000
Total Governmental Activities		<u>\$4,459,146</u>	<u>\$0</u>	<u>\$176,074</u>	<u>\$4,283,072</u>	<u>\$184,184</u>

Amortization of the previously mentioned debt is as follows:

Year	Tax Increment Bonds (1)		Tax Increment Bonds (2)		TIF Harson - 1	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 59,000	\$ 2,360	\$ 0	\$ 189,367	\$ 34,281	\$ 40,550
2012	0	0	0	59,800	35,994	38,836
2013	0	0	0	59,800	37,795	37,036
2014	0	0	70,000	59,800	39,684	35,146
2015	0	0	70,000	56,580	41,668	33,162
2016 - 2020	0	0	410,000	230,690	241,755	132,395
2021 - 2025	0	0	510,000	127,190	308,547	65,603
2026 - 2030	0	0	240,000	16,790	71,267	3,563
Totals	<u>\$ 59,000</u>	<u>\$ 2,360</u>	<u>\$1,300,000</u>	<u>\$ 800,017</u>	<u>\$ 810,991</u>	<u>\$ 386,291</u>

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 9 – Debt, (Continued)

Year	TIF Harson - 2		PNC Emerg Equip		TIF Cloverleaf Road	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 76,161	\$ 90,090	\$ 23,000	\$ 6,241	\$ 0	\$ 105,500
2012	79,970	86,282	24,200	5,111	0	105,500
2013	83,969	82,283	25,400	3,923	0	105,500
2014	88,166	78,085	26,600	2,676	105,000	105,500
2015	92,576	73,677	27,900	1,370	110,000	101,069
2016 - 2020	537,113	294,145	0	0	605,000	433,605
2021 - 2025	685,507	145,751	0	0	755,000	293,290
2026 - 2030	158,335	7,917	0	0	925,000	120,481
Totals	<u>\$ 1,801,797</u>	<u>\$ 858,230</u>	<u>\$127,100</u>	<u>\$ 19,321</u>	<u>\$ 2,500,000</u>	<u>\$ 1,370,445</u>

The Township sold Tax Increment Revenue Bonds (1) to Montgomery County in 2004 for \$415,000 for the improvement of road infrastructure with the Township. These are eight year bonds with a 4% interest rate.

The Township sold Tax Increment Revenue Bonds (2) to Montgomery County 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 starting in year 2011. Principal and interest payments starting in 2015.

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 has four (4) Tax Increment Finance Districts (TIF) to assist the private sector with the construction of public improvements, specifically the construction of new streets and the installation of public infrastructure. These TIFs (Harson – 1, Harson – 2, Morris and Cloverleaf) projects were financed through the sale of bonds, secured by a service agreement. The Township is acting as a conduit in collecting receipts from the County Auditor and through guaranteed payments as specified by the security agreement. As of December 31, 2010 the aggregate principal outstanding on these bonds was \$6,412,788.

In addition, in 2004 the Township sold \$319,200 in Tax Increment Revenue Bonds to its own General Fund. 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; and guaranteed through a service contract with Van-Con. The bond anticipation note is not backed by the full faith and credit of the Township, but rather by Van-Con; this was paid in full as of December 31, 2010.

The Township’s long-term debt (TIF) activity for the year ended December 31, 2010, is as follows:

	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Governmental Activities</u>					
Tax Increment Revenue Bonds-GF	\$52,630	\$0	\$52,630	\$0	\$0
Total Governmental Activities	\$52,630	\$0	\$52,630	\$0	\$0

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 9 – Debt, (Continued)

The Township’s long-term conduit debt (TIF) activity for the year ended December 31, 2009, is as follows:

	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>					
Tax Increment Revenue Bonds-GF	\$102,570	\$0	\$49,940	\$52,630	\$55,152
Total Governmental Activities	\$102,570	\$0	\$49,940	\$52,630	\$55,152

Note 10 – Leases

At December 31, 2010, the Township had the following leases. These leases are for building additions, a fire truck, and a dump truck. The following is a schedule of future minimum lease payments with the present value of the net minimum lease payments as of December 31:

Year	Lease Payments
2011	\$ 50,821
2012	27,209
2013	27,209
Minimum Lease Payments	\$ 105,239
Less amount representing interest	5,773
Present Value of Minimum Lease Payments	\$ 99,466

Note 11 – Interfund Transfers

During 2010 and 2009 the following transfers were made:

	2010	2009
Transfers from the General Fund to:		
Major Governmental Fund (Police)	\$ 250,000	\$ 360,000
Other Governmental Funds	93,000	93,000
Total Transfers	<u>\$ 343,000</u>	<u>\$ 453,000</u>
Transfer to General Fund from Other Governmental Funds:		
Sudachi TIF	\$ 55,167	\$ 55,158
Harson TIF	44,213	30,210
FEMA	0	4,583
Total Transfers	<u>\$ 99,380</u>	<u>\$ 89,951</u>
Transfer from FEMA Fund to Other Governmental Funds:		
Gasoline Tax	\$ 0	\$ 675
Road & Bridge	0	101,830
Police District	0	1,120
Total Transfers	<u>\$ 0</u>	<u>\$ 103,625</u>
Total Transfers	<u>\$ 442,380</u>	<u>\$646,576</u>

Butler Township
Montgomery County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 11 – Interfund Transfers, (Continued)

Transfers from the General Fund represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers from TIF funds represent note repayment to the general fund for financing. The Township is acting as a conduit in collecting receipts and through guaranteed payments as specified by security agreements.

Transfers from the FEMA Fund represent repayment of expenses paid from various funds for which the Township received FEMA funding.

Note 12 – Contingent Liabilities

As of December 31, 2010, the Township is a defendant in various cases. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not have a material adverse affect on 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. Grantors 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 13 – Jointly Governed Organizations

The Butler Township – City of Dayton Joint Economic Development (JEDD), was created to facilitate economic development and preserve jobs and employment opportunities. A Board of Directors has been established, which include one member representing the City; one representing the Township; one representing owners of businesses within the territory; one representing persons working within the territory; and one member selected by the above-described members. The Board shall adopt bylaws and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements.

Note 14 – Noncompliance

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Contrary to Ohio law, the Township had purchase orders which were issued after the incurrence of an expense for 24 percent of disbursements tested in 2010 and 19 percent of disbursements tested in 2009.

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Manning & Associates
Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Butler Township, Montgomery County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 10, 2011, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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 deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010- 002 and 2010-003 described in the accompanying schedule of findings to be material weaknesses.

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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, providing an opinion 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Findings Number 2010-001 through 2010-003.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and Township Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 10, 2011

BUTLER TOWNSHIP
MONTGOMERY COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Township.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

BUTLER TOWNSHIP
MONTGOMERY COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001, Continued

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

Disbursement testing revealed purchase orders which were issued after the incurrence of an expense for 24 percent of disbursements tested in 2010 and 19 percent of disbursements tested in 2009. Disbursement testing also revealed that the Township issued “then and now” purchase orders for amounts over the \$3,000 limitation imposed by the Ohio Revised Code, for 20 disbursements tested in 2010 and 25 disbursements tested in 2009.

To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Township’s Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, “then and now” certification should be used, where allowable. The Fiscal Officer should review the previously referenced code section and ensure that all purchase orders are properly issued.

Response: The Fiscal Officer will review the proper use of purchase orders.

FINDING NUMBER 2010-002

Ohio Admin Code Section 117-2 provides that the Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The following items were noted:

- Adjustments were required to properly reflect principal and interest payments of debt
- Miscellaneous receipts required adjustment to properly reflect sale of assets
- Sale of Bonds and costs of bond issuance were not properly recorded
- TIF activity was not properly recorded

Failure to provide accurate and complete financial information limits management’s resources for decision making and can provide a false perception of the Township’s financial position.

Response: The Township will review its current accounting methods and implement changes where needed.

BUTLER TOWNSHIP
MONTGOMERY COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-003

Benefits paid on behalf of Trustees and Fiscal Officer

Butler Township, Montgomery County adopted a policy to “pick-up” the required Employee/Elected Officials contributions to the Ohio Public Employees Retirement System (OPERS).

Although employees are undoubtedly eligible to participate in such a plan, the Ohio Attorney General has opined that such officers (i.e., Township Trustees and Fiscal Officer) are not entitled to participate in a pick-up plan (OAG 84-036 at 21) as the Township Fiscal Officer and Trustee salaries are set in Ohio Rev. Code Section 505.24 and 507.09, respectively.

The following schedule details the OPERS pick-up paid by the Township on behalf of the respective officials during 2009, 2010, and thru May 23, 2011:

Trustee	2009	2010	2011	Total
Michael Lang	\$0.00	\$2,056.85	\$870.21	\$2,927.06
Doug Orange	2,056.78	2,056.85	870.21	4,983.84
Martin Russell	0.00	2,056.85	870.21	2,927.06
Joseph Ellis	2,056.78	0.00	0.00	2,056.78
Eleanor Lewis	2,056.78	0.00	0.00	2,056.78
Fiscal Officer	2009	2010	2011	Total
Mark Adams	2,817.63	2,817.63	1,192.07	6,827.33

Upon notification of this issue, the Township Trustees passed Resolution No. 11-059 on July 25, 2011, authorizing the fiscal officer to deduct the following amounts from each pay for the next 12 pay periods and individually bill the former trustees for their portion.

Michael Lang, Trustee	\$243.92 payroll deduction for 12 pay periods
Doug Orange, Trustee	\$415.31 payroll deduction for 12 pay periods
Martin Russell, Trustee	\$243.92 payroll deduction for 12 pay periods
Mark Adams, Fiscal Officer	\$568.94 payroll deduction for 12 pay periods

BUTLER TOWNSHIP
MONTGOMERY COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
--

FINDING NUMBER 2010-003, continued

Officials no longer in office will be billed individually for the full amount due to the Township.

Response: The Township is no longer paying for officials' portion of OPERS and a repayment plan has been put in to place.

Butler Township
Montgomery County
Schedule of Prior Audit Findings
Fiscal Year End December 31, 2010 and 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different, Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2008-001	Ohio Rev. Code Section 5705.41(D) - Township did not certify the the availability of funds prior to incurring each expense	No	Reissued as Finding Number 2010-001
2008-002	Ohio Admin Code Section 117-2 - Township did not properly classify all receipt and disbursement transactions	No	Reissued as Finding Number 2010-002

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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
JANUARY 3, 2012**