

VILLAGE OF BUTLER

BUTLER, OHIO

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 1999 AND 2000**

J. E. Slaybaugh & Associates, Inc.
Certified Public Accountant
12 East Main Street
Lexington, Ohio 44904

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st
Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370

Facsimile 614-728-
7398

www.auditor.state.oh.us

Members of Council
Village of Butler
33 Elm Street
Butler, Ohio 44822

We have reviewed the Independent Auditor's Report of the Village of Butler, Richland County, prepared by J E Slaybaugh & Associates, Inc., for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

June 12, 2001

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**VILLAGE OF BUTLER
RICHLAND COUNTY**

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 2000

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**VILLAGE OF BUTLER
RICHLAND COUNTY**

33 Elm Street
Butler, Ohio 44822

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2000**

NAME	TITLE	TERM OF OFFICE	SURETY	AMOUNT	PERIOD
Paul E Bowen	Mayor	1/1/00 - 12/31/03	(A)	\$ 25,000	(B)
Ken Thompson	Council Member	1/1/98 - 12/31/01			
Douglas Coole	Council Member	1/1/98 - 12/31/01			
Sonny Dotson	Council Member	1/1/00- 12/31/03			
Sherry Barnett	Council Member	1/1/00 - 12/31/03			
Deb Brokaw	Council Member	1/1/98 - 12/31/01			
LeeAnn Hitchman	Council Member	1/1/98 - 12/31/01			
Keli Dotson	Clerk/Treasurer	4/1/00-3/31/04	(A)	\$ 25,000	(B)

Statutory Legal Counsel

James J Mayer
Richland County Prosecutor
38 South Park Street
Mansfield, Ohio 44902

(A) Public Entities Pool of Ohio
(B) Concurrent With Term

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J. E. Slaybaugh & Associates, Inc.

12 East Main Street
Lexington, Ohio 44904

Member AICPA
Member OSCPA

John E. Slaybaugh III
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Members of Council
Village of Butler
Butler, Ohio

We have audited the accompanying financial statements for the Village of Butler, Butler, Ohio, as of and for the years ended December 31, 1999 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Butler, Richland County, as of December 31, 1999 and 2000, and its combined cash receipts and disbursements, and reserve for encumbrances, for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 29, 2001, on our consideration of the Village of Butler's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
May 29, 2001

**VILLAGE OF BUTLER
RICHLAND COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENT FUND TYPES AND SIMILAR FIDUCIARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental			Fiduciary	(Memorandum Only)
	General	Special Revenue	Capital Project	Expendable Trust	Total
CASH RECEIPTS:					
Local Taxes	\$ 14,179			\$ 101,221	\$ 115,400
Intergovernmental	66,294	45,611	250		112,155
Special Assessments					
Charges for Services	5,531				-
Fines, Licenses, and Permits	12,699	840			5,531
Miscellaneous					13,539
Total Cash Receipts	98,703	46,451	250	101,221	246,625
CASH DISBURSEMENTS:					
Current:					
Security of Persons and Property	66,577				66,577
Public Health Services				921	921
Community Environment	1,190				1,190
Transportation					
General Government	42,214		1,264	8,671	93,394
Capital Outlay			188		52,149
Debt Service					188
Total Program Disbursements	109,981	94,315	1,452	8,671	214,419
Total receipts over/(under) program disbursements	(11,278)	(47,864)	(1,202)	92,550	32,206

**VILLAGE OF BUTLER
RICHLAND COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENT FUND TYPES AND SIMILAR FIDUCIARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental			Fiduciary Expendable Trust	(Memorandum Only)
	General	Special Revenue	Capital Projects		
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):					
Transfers-In	45,000	68,000			113,000
Transfers-Out		(21,000)		(102,000)	(123,000)
Other Sources	<u>675</u>	<u>1,461</u>			<u>2,136</u>
Total other financing receipts/(disbursements)	<u>45,675</u>	<u>48,461</u>	-	<u>(102,000)</u>	<u>(7,864)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	34,397	597	(1,202)	(9,450)	24,342
Fund Cash Balances - January 1, 2000	<u>(18,403)</u>	<u>51,100</u>	<u>1,976</u>	<u>43,299</u>	<u>77,972</u>
Fund Cash Balances - December 31, 2000	<u>\$ 15,994</u>	<u>\$ 51,697</u>	<u>\$ 774</u>	<u>\$ 33,849</u>	<u>\$ 102,314</u>
Reserve For Encumbrances	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>

**VILLAGE OF BUTLER
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2000**

		(Memorandum Only)	
	<u>Enterprise</u>	<u>Agency</u>	<u>Total</u>
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 144,974		\$ 144,974
Total Cash Receipts	<u>144,974</u>		<u>144,974</u>
OPERATING CASH DISBURSEMENTS:			
Personal Services	59,902		59,902
Contractual Services	49,667		49,667
Supplies and Materials	<u>9,832</u>		<u>9,832</u>
Total Program Disbursements	<u>119,401</u>		<u>119,401</u>
Total receipts over/(under) program disbursements	25,573		25,573
NON-OPERATING REVENUES:			
Other Non-Operating Revenues	2,525	-	2,525
NON-OPERATING EXPENSES:			
Debt Service	21,286		21,286
Other Non-Operating Expenses	<u>9,380</u>		<u>9,380</u>
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):			
Transfers-In	10,000		10,000
Transfers-Out			
Total other financing receipts/(disbursements)	<u>10,000</u>		<u>10,000</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	7,432	-	7,432
Fund Cash Balances - January 1, 2000	<u>50,294</u>	<u>1,378</u>	<u>51,672</u>
Adjustment for Star Ohio Investment	<u>11,247</u>	<u>-</u>	<u>11,247</u>
Fund Cash Balances - December 31, 2000	<u>\$ 68,973</u>	<u>\$ 1,378</u>	<u>\$ 70,351</u>
Reserve For Encumbrances	<u>\$ 334</u>	<u>\$ -</u>	<u>\$ 334</u>

**VILLAGE OF BUTLER
RICHLAND COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENT FUND TYPES AND SIMILAR FIDUCIARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1999

	General	Governmental Special Revenue	Capital Projects	Fiduciary Expendable Trust	(Memorandum Only) Total
CASH RECEIPTS:					
Local Taxes	\$ 12,876			\$ 95,840	\$ 108,716
Intergovernmental	54,324	50,558			104,882
Fines, Licenses, and Permits	5,060				5,060
Miscellaneous	13,374	1,389			14,763
Total Cash Receipts	85,634	51,947	-	95,840	233,421
CASH DISBURSEMENTS:					
Current:					
Security of Persons and Property	67,575				67,575
Public Health Services	977	1,400			1,400
Leisure Time Activities	137				977
Community Environment		104,112			137
Transportation	49,609			10,636	104,112
General Government	948				60,245
Capital Outlay					948
Total Program Disbursements	119,246	105,512	-	10,636	235,394
Total receipts over/(under) program disbursements	(33,612)	(53,565)	-	85,204	(1,973)

**VILLAGE OF BUTLER
RICHLAND COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENT FUND TYPES AND SIMILAR FIDUCIARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental			Fiduciary Expendable Trust	(Memorandum Only)
	General	Special Revenue	Capital Projects		
OTHER FINANCING					
RECEIPTS/(DISBURSEMENTS):					
Sale of Fixed Assets					
Transfers-In	26,000	70,121			96,121
Transfers-Out				(96,121)	(96,121)
Other Sources		552			552
Other Uses	(18,068)				(18,068)
Total other financing receipts/(disbursements)	7,932	70,673	-	(96,121)	(17,516)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(25,678)	17,108	-	(10,917)	(19,487)
Fund Cash Balances - January 1, 1999	7,275	33,992	1,976	54,216	97,459
Fund Cash Balances - December 31, 1999	\$ (18,403)	\$ 51,100	\$ 1,976	\$ 43,299	\$ 77,972

**VILLAGE OF BUTLER
RICHLAND COUNTY**

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

	Enterprise	Agency	(Memorandum Only) Total
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 147,417		\$ 147,417
Total Cash Receipts	147,417		147,417
 OPERATING CASH DISBURSEMENTS:			
Personal Services	61,567		61,567
Travel Transportation	102		102
Contractual Services	59,808		59,808
Supplies and Materials	10,234		10,234
Total Program Disbursements	131,711		131,711
Total receipts over/(under) program disbursements	15,706		15,706
 NON-OPERATING REVENUES			
Other	4,976		4,976
 NON-OPERATING EXPENSES:			
Debt Service	9,367		9,367
Other Non-Operating Expenses	7,918		7,918
Total Revenue over Expenses	3,397		3,397
 Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	3,397	-	3,397
Fund Cash Balances - January 1, 1999	46,897	1,378	48,275
Fund Cash Balances - December 31, 1999	\$ 50,294	\$ 1,378	\$ 51,672

**VILLAGE OF BUTLER
RICHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Butler, Richland County is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected mayor and six member council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements make adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of Deposit is valued at cost. The investment in Star Ohio (the State Treasurer's Investment Pool) is valued at amounts reported by the State Treasurer)

D. Fund Accounting

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

General Fund

The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Permissive Sales Tax Fund - This fund receives county excess sales and use tax proceeds for road repair and related expenses.

D. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

Water Fund - Receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - Receives charges for services from residents to cover the cost of providing this utility.

E. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as agency funds. The Village had the following significant fiduciary funds:

Income Tax Fund (Expendable Trust Fund) - Receives money from enactment of a local income tax. Use of funds are unrestricted.

Mayor's Court Fund (Agency Fund) - Receives money from fines and forfeitures. These funds are strictly custodial.

F. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 1999 and 2000 budgetary activity appears in Note 3.

G. Property, Plant and Equipment

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

H. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. Equity in Pooled Cash and Investments

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$ 120,706	\$ 88,934
Certificates of Deposit	<u>17,500</u>	<u>16,500</u>
Total deposits	<u>\$ 138,206</u>	<u>\$ 105,434</u>
STAR Ohio	<u>34,459</u>	<u>24,210</u>
Total Deposits and Investments	<u>\$ 172,665</u>	<u>\$ 129,644</u>

Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 111,565	\$ 144,378	\$ 32,813
Special Revenue	122,619	115,912	(6,707)
Capital Project		250	250
Enterprise Fund	141,240	157,499	16,259
Fiduciary Fund	<u>94,070</u>	<u>101,221</u>	<u>7,151</u>
Total	<u>\$ 469,494</u>	<u>\$ 519,260</u>	<u>\$ 49,766</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 114,990	\$ 109,981	\$ 5,009
Special Revenue	186,300	115,315	70,985
Capital Projects	1,600	1,452	148
Enterprise	150,039	150,067	(28)
Fiduciary	<u>86,599</u>	<u>110,671</u>	<u>(24,072)</u>
Total	<u>\$ 539,528</u>	<u>\$ 487,486</u>	<u>\$ 52,042</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 120,950	\$ 111,634	\$ (9,316)
Special Revenue	186,877	122,620	(64,257)
Enterprise	145,388	152,393	7,005
Fiduciary	<u>82,905</u>	<u>95,840</u>	<u>(12,935)</u>
Total	<u>\$ 536,120</u>	<u>\$ 482,487</u>	<u>\$ (79,503)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 138,218	\$ 137,313	\$ 905
Special Revenue	206,350	105,512	100,838
Capital Projects	1,975		1,975
Enterprise	165,039	148,996	16,043
Fiduciary	<u>79,249</u>	<u>106,757</u>	<u>(27,508)</u>
Total	<u>\$ 590,831</u>	<u>\$ 498,578</u>	<u>\$ 92,253</u>

4. Property Tax

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

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

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

5. Debt

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWPC	\$ 28,400	0.00%
Equipment Lease/Purchase	<u>39,888</u>	<u>6.85%</u>
Total	<u>\$ 68,288</u>	

The Village is obligated to the Ohio Public Works Commission (OWPC) on a five year note which matures July 1, 2004. The note requires semi-annual payments of \$3,550 including interest at 0%. The note proceeds were used to fund the Resort Drive Culvert Replacement Project.

The Village is obligated to a finance company on a five year note which matures August 4, 2005. The note requires annual payments of \$9,689.27 including interest of 6.85% per annum. The note is secured by the 2001 Dodge dump truck.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OWPC	Equipment Lease/Purchase
2001	\$ 7,100	\$ 6,957
2002	7,100	7,433
2003	7,100	7,943
2004	7,100	8,487
2005	<u>-</u>	<u>9,068</u>
Totals	<u>\$ 28,400</u>	<u>\$ 39,888</u>

6. Retirement System

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 2000, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55 % of participant's gross salaries. The Village has paid all contributions required through December 31, 2000.

7. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public official's liability

Coverage is provided by Public Entities Pool of Ohio

The Village also provides health insurance, dental and vision coverage to its full-time employees through the Richland County Flexible Benefits Program

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCP*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of Council
Village of Butler
Butler, Ohio

We have audited the financial statements of the Village of Butler, Richland County, as of and for the years ended December 31, 1999 and 2000, and have issued our report thereon dated May 29, 2001.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control

In planning and performing our audit, we considered the Village of Butler's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving compliance and the internal control structure and its operation that we have reported to management in a letter dated May 29, 2001.

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

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
May 29, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF BUTLER

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 19, 2001**