



**BUTLER TOWNSHIP
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BUTLER TOWNSHIP
RICHLAND COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Butler Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Butler Township
Richland County
Report of Independent Accountants
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

April 5, 2002

**BUTLER TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$27,466	\$101,353	\$128,819
Intergovernmental	33,495	62,322	95,817
Licenses, Permits, and Fees	79,478	1,100	80,578
Earnings on Investments	2,601	632	3,233
Miscellaneous	1,150	1,244	2,394
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	144,190	166,651	310,841
Cash Disbursements:			
Current:			
General Government	59,838		59,838
Public Safety	26,116		26,116
Public Works		156,774	156,774
Health	4,015	511	4,526
Capital Outlay		59,875	59,875
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	89,969	217,160	307,129
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	54,221	(50,509)	3,712
Other Financing Receipts and (Disbursements):			
Sale of Assets	70	24,087	24,157
Transfers-In		35,000	35,000
Advances-In	20,500	20,500	41,000
Transfers-Out	(35,000)		(35,000)
Advances-Out	(20,500)	(20,500)	(41,000)
Refund of Expenditure	11,600		11,600
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(23,330)	59,087	35,757
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	30,891	8,578	39,469
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	33,596	84,536	118,132
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$64,487	\$93,114	\$157,601
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$150	\$150	\$300

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

**BUTLER TOWNSHIP
RICHLAND COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$25,387	\$102,600	\$127,987
Intergovernmental	32,470	67,336	99,806
Licenses, Permits, and Fees	77,330	1,700	79,030
Earnings on Investments	3,475	2,028	5,503
Miscellaneous	170	1,017	1,187
	<u>138,832</u>	<u>174,681</u>	<u>313,513</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	59,135		59,135
Public Safety	24,190		24,190
Public Works		159,142	159,142
Health	5,629	250	5,879
Capital Outlay	8,500	72,708	81,208
	<u>97,454</u>	<u>232,100</u>	<u>329,554</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>41,378</u>	<u>(57,419)</u>	<u>(16,041)</u>
Other Financing Receipts and (Disbursements):			
Sale of Assets		9,485	9,485
Transfers-In		136,000	136,000
Advances-In	83,000		83,000
Transfers-Out	(136,000)		(136,000)
Advances-Out		(83,000)	(83,000)
Refund of Expenditure	11,748		11,748
	<u>(41,252)</u>	<u>62,485</u>	<u>21,233</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	126	5,066	5,192
Fund Cash Balances, January 1	<u>33,470</u>	<u>79,470</u>	<u>112,940</u>
Fund Cash Balances, December 31	<u>\$33,596</u>	<u>\$84,536</u>	<u>\$118,132</u>
Reserves for Encumbrances, December 31	<u>\$114</u>	<u>\$1,410</u>	<u>\$1,524</u>

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

**BUTLER TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Repurchase agreements are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

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

**BUTLER TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**BUTLER TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	(\$5,324)	(\$7,119)
Investment (Repurchase Agreement)	162,925	125,251
Total deposits and investments	\$157,601	\$118,132

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

Investments: The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name.

Contrary to Ohio Rev. Code Section 135.14, the Township invested in a repurchase agreement sweep bank account during 2001 and 2000 without having an approved investment policy.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$143,500	\$155,860	\$12,360
Special Revenue	246,000	225,738	(20,262)
Total	\$389,500	\$381,598	(\$7,902)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,743	\$125,119	\$47,624
Special Revenue	298,975	217,310	81,665
Total	\$471,718	\$342,429	\$129,289

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$149,500	\$150,580	\$1,080
Special Revenue	224,750	320,166	95,416
Total	\$374,250	\$470,746	\$96,496

**BUTLER TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$241,293	\$233,568	\$7,725
Special Revenue	217,767	233,510	(15,743)
Total	\$459,060	\$467,078	(\$8,018)

Contrary to Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations by \$41,365 in the Permissive Sales Tax Special Revenue Fund at December 31, 2000.

4. PROPERTY TAX

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

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

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

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

5. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan") an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

**BUTLER TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Butler Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-40570-001 and 2001-40570-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 5, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 5, 2002.

Butler Township
Richland County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

April 5, 2002

**BUTLER TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

Noncompliance Citations

FINDING NUMBER 2001-40570-001

Ohio Rev. Code Section 135.14 states that investments or deposits under Section 135.14 cannot be made unless a written investment policy approved by the treasurer or governing board is on file with the Auditor of State, with the following two exceptions:

- The treasurer or governing board invests only in interim deposits, no-load money market mutual funds or Star Ohio
- The subdivision's average annual portfolio of investments is \$100,000 or less.

The Township invested \$162,925 and \$125,251 at December 31, 2001 and 2000, respectively, in repurchase agreements but did not have an investment policy. The Township should create and approve an investment policy and submit it to the Auditor of State to be in compliance with the provisions of Ohio Rev. Code Section 135.14.

FINDING NUMBER 2001-40570-002

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2000, Village expenditures of \$131,865 exceeded appropriations of \$90,500 in the Permissive Sales Tax Special Revenue Fund by \$41,365.

The Clerk should frequently compare actual expenditures to appropriations at the legal level of budgetary control to avoid overspending.

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**BUTLER TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40570-001	Revised Code 135.22 Clerk to attend continuing education classes	Yes	Finding No Longer Valid



STATE OF OHIO
OFFICE OF THE AUDITOR

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BUTLER TOWNSHIP

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 21, 2002**