

***BUTLER TOWNSHIP  
RICHLAND COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Butler Township, Richland County  
8256 Olivesburg Fitchville Rd.  
Greenwich, OH 44837

We have reviewed the Independent Auditor's Report of Butler Township, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2002 through December 31, 2003. 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. Butler Township, Richland County is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

October 1, 2004

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**BUTLER TOWNSHIP  
RICHLAND COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2003 & 2002**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

**REPORT OF INDEPENDENT ACCOUNTANTS**

Butler Township  
Richland County

We have audited the accompanying financial statements of Butler Township, Richland County, (the Township), as of and for the years ended December 31, 2003 and 2002, 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 *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 Township prepares its financial statements on a 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 cash, investments and fund cash balances of the Township, as of December 31, 2003 and 2002, and the combined receipts, disbursements, and changes in fund cash balances, its combined statement of receipts-budget and actual and combined statement of disbursements and encumbrances compared with expenditure authority for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 19, 2004 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 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.

***Charles E. Harris & Associates, Inc.***  
August 19, 2004

**BUTLER TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND**  
**CASH BALANCES - ALL FUND TYPES**  
**As of December 31, 2003 & 2002**

	<u>2003</u> Balance	<u>2002</u> Balance
Cash and Cash Equivalents	\$ 202,066	\$ 184,934
	<u>\$ 202,066</u>	<u>\$ 184,934</u>

**CASH BALANCES BY FUND CLASS**

**Governmental Fund Types:**

General Fund	\$ 75,161	\$ 56,845
Special Revenue Funds	<u>126,905</u>	<u>128,089</u>
Total	<u>\$ 202,066</u>	<u>\$ 184,934</u>

See accompanying Notes to the Financial Statements.

**BUTLER TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2003**

	<u>Governmental Fund Types</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Receipts:</b>			
Taxes	\$ 28,289	\$ 104,165	\$ 132,454
Intergovernmental	44,208	65,959	110,167
Licenses, Permits, and Fees	69,445	1,550	70,995
Earnings on Investments	1,367	515	1,882
Other Revenue	15,567	654	16,221
<b>Total Receipts</b>	<b>158,876</b>	<b>172,843</b>	<b>331,719</b>
<b>Disbursements:</b>			
<b>Current:</b>			
General Government	61,718	-	61,718
Public Safety	26,945	-	26,945
Public Works	-	202,399	202,399
Health	1,237	21,075	22,312
Capital Outlay	660	553	1,213
<b>Total Disbursements</b>	<b>90,560</b>	<b>224,027</b>	<b>314,587</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>68,316</b>	<b>(51,184)</b>	<b>17,132</b>
<b>Other Financing Sources (Uses):</b>			
Transfers-In	-	50,000	50,000
Transfers-Out	(50,000)	-	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(50,000)</b>	<b>50,000</b>	<b>-</b>
<b>Excess/Deficiency of Receipts and Other Sources Over Disbursements and Other Uses</b>	<b>18,316</b>	<b>(1,184)</b>	<b>17,132</b>
<b>Fund Cash Balance, January 1</b>	<b>56,845</b>	<b>128,089</b>	<b>184,934</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 75,161</b>	<b>\$ 126,905</b>	<b>\$ 202,066</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 200</b>	<b>\$ -</b>	<b>\$ 200</b>

See accompanying Notes to the Financial Statements.



**BUTLER TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2002**

	<u>Governmental Fund Types</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Receipts:</b>			
Taxes	\$ 28,377	\$ 85,047	\$ 113,424
Intergovernmental	32,206	101,302	133,508
Licenses, Permits, and Fees	77,541	1,600	79,141
Earnings on Investments	1,362	477	1,839
Other Revenue	14,409	552	14,961
<b>Total Receipts</b>	<b>153,895</b>	<b>188,978</b>	<b>342,873</b>
<b>Disbursements:</b>			
<b>Current:</b>			
General Government	60,342	-	60,342
Public Safety	26,190	-	26,190
Public Works	-	173,287	173,287
Health	5	4,787	4,792
Capital Outlay	-	50,929	50,929
<b>Total Disbursements</b>	<b>86,537</b>	<b>229,003</b>	<b>315,540</b>
<b>Total Receipts Over/(Under)</b>			
Disbursements	67,358	(40,025)	27,333
<b>Other Financing Sources (Uses):</b>			
Transfers-In	-	75,000	75,000
Transfers-Out	(75,000)	-	(75,000)
Advances-In	50,000	50,000	100,000
Advances-Out	(50,000)	(50,000)	(100,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(75,000)</b>	<b>75,000</b>	<b>-</b>
<b>Excess/Deficiency of Receipts and Other Sources Over Disbursements and Other Uses</b>	<b>(7,642)</b>	<b>34,975</b>	<b>27,333</b>
<b>Fund Cash Balance, January 1</b>	<b>64,487</b>	<b>93,114</b>	<b>157,601</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 56,845</b>	<b>\$ 128,089</b>	<b>\$ 184,934</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 503</b>	<b>\$ -</b>	<b>\$ 503</b>

See accompanying Notes to the Financial Statements.

**BUTLER TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS -**  
**BUDGET AND ACTUAL**  
For the Years Ended December 31, 2003 and 2002

<u>Fund Types/Funds</u>	<u>2003 Budget</u>	<u>2003 Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental:			
General	\$ 155,000	\$ 158,876	\$ 3,876
Special Revenue	<u>242,854</u>	<u>222,843</u>	<u>(20,011)</u>
Total (Memorandum Only)	<u>\$ 397,854</u>	<u>\$ 381,719</u>	<u>\$ (16,135)</u>

<u>Fund Types/Funds</u>	<u>2002 Budget</u>	<u>2002 Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental:			
General	\$ 162,075	\$ 203,895	\$ 41,820
Special Revenue	<u>210,355</u>	<u>313,978</u>	<u>103,623</u>
Total (Memorandum Only)	<u>\$ 372,430</u>	<u>\$ 517,873</u>	<u>\$ 145,443</u>

See accompanying Notes to the Financial Statements.

**BUTLER TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
 COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
 COMPARED WITH EXPENDITURE AUTHORITY  
 For the Years Ended December 31, 2003 and 2002

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2003 Appropriations</u>	<u>Total</u>	<u>Actual 2003 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/03</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental:							
General	\$ 503	\$ 210,000	\$ 210,503	\$ 140,560	\$ 200	\$ 140,760	\$ 69,743
Special Revenue	-	338,500	338,500	224,027	-	224,027	114,473
Total (Memorandum Only)	<u>\$ 503</u>	<u>\$ 548,500</u>	<u>\$ 549,003</u>	<u>\$ 364,587</u>	<u>\$ 200</u>	<u>\$ 364,787</u>	<u>\$ 184,216</u>

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2002 Appropriations</u>	<u>Total</u>	<u>Actual 2002 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/02</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental:							
General	\$ 150	\$ 224,739	\$ 224,889	\$ 211,537	\$ 503	\$ 212,040	\$ 12,849
Special Revenue	150	300,060	300,210	279,003	-	279,003	21,207
Total (Memorandum Only)	<u>\$ 300</u>	<u>\$ 524,799</u>	<u>\$ 525,099</u>	<u>\$ 490,540</u>	<u>\$ 503</u>	<u>\$ 491,043</u>	<u>\$ 34,056</u>

See accompanying Notes to the Financial Statements.

**BUTLER TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2003 and 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Butler Township, Richland County, Ohio, (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, cemetery maintenance, fire protection and emergency medical services.

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

**B. REPORTING ENTITY**

In evaluating how to define the Township for financial reporting purposes, management has considered all agencies, departments and organizations making up Butler Township (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Township, as the primary government, 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 financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Township has determined that there were no component units required to be included the financial statements.

**C. 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 disbursement 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.)

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

**D. CASH AND INVESTMENTS**

Investments are included in the fund cash balances. 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 disbursements, respectively.

**BUTLER TOWNSHIP**  
**RICHLAND COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2003 and 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. CASH AND INVESTMENTS – (continued)

STAR Ohio is recorded at share values reported by the Treasurer of State.

E. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

**General Fund:** The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**Special Revenue Funds:** To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. The Township has the following significant Special Revenue Funds:

*Gasoline Tax Fund* – This fund receives sales tax proceeds for construction, maintenance, and repair of Township roads.

*Permissive Sales Tax Fund* – This fund receives sales tax proceeds for maintenance and repair of Township roads and equipment.

F. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

**BUTLER TOWNSHIP  
RICHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2003 and 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**F. BUDGETARY PROCESS - (continued)**

**2. Estimated Resources – (continued)**

On or about January 1, the Clerk sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenues are identified by the Clerk. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 2003 and 2002.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 2003 and 2002. However, those fund balances are available for appropriation.

**3. Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The legal level of control is the object level.

**4. Encumbrances**

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end.

Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures and compared to current year appropriations plus prior year carry-over appropriations.

**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**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

**BUTLER TOWNSHIP  
RICHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2003 and 2002**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

I. **TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

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

The Township maintains a cash and investment pool used by all funds. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 2003 and 2002."

**Legal Requirements**

State statutes classify monies held by the Township into three categories.

"Active deposits" are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either 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 the Board has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not 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.

"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 may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligations guaranteed as to principal or interest by the United States.
2. Bonds, notes, debentures or any other obligations or securities 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 services shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities, subject to the repurchase agreement, must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that term of the agreement must not exceed thirty days.
4. Bond and other obligations of the State of Ohio.

**BUTLER TOWNSHIP  
RICHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2003 and 2002**

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

**Legal Requirements** - (continued)

5. No -load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in the is division are made only through eligible institutions.
6. 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 be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.

**Deposits:** At year end, the carrying amount of the Township's deposits were \$(18,406) in 2003 and \$(15,766) in 2002 and the bank balance was \$0 in 2003 and \$0 in 2002. Deposits are insured by the Federal Depository Insurance Corporation (FDIC).

The Township's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or by its trust department but not in the Township's name.

The following list represents all investments of the Township, categorized by risk category using the definitions above as of December 31, 2002 and 2003.



**BUTLER TOWNSHIP  
 RICHLAND COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2003 and 2002**

**2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)**

<u>2003</u>	<u>Carrying Amount Category 3</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 220,112	\$ 220,112
<b>Total</b>	<b>\$ 220,112</b>	<b>\$ 220,112</b>

<u>2002</u>	<u>Carrying Amount Category 3</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 200,700	\$ 200,700
<b>Total</b>	<b>\$ 200,700</b>	<b>\$ 200,700</b>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less and cash and investments of the cash management pool.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB 3 is as follows:

<u>2003</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement 9 Repurchase Agreements	\$ 202,066 (220,112)	\$ - 220,112
<b>Total GASB Statement 3</b>	<b>\$ (18,046)</b>	<b>\$ 220,112</b>
<u>2002</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement 9 Repurchase Agreements	\$ 184,934 (200,700)	\$ - 200,700
<b>Total GASB Statement 3</b>	<b>\$ (15,766)</b>	<b>\$ 200,700</b>

**BUTLER TOWNSHIP  
RICHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2003 and 2002**

**3. PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2000.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

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

**4. 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.

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.

**5. PENSION AND RETIREMENT PLANS**

The employees of Butler Township are covered by the Ohio Public Employees Retirement System (OPERS). The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

The Ohio Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report.

**BUTLER TOWNSHIP  
RICHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2003 and 2002**

5. PENSION AND RETIREMENT PLANS - (continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% of their gross salaries. For local government employer units, the rate was 13.55% of covered payroll for 2003 and 2002. The contribution rates are determined actuarially. The Township has paid all contributions required through December 31, 2003.

6. CONTINGENT LIABILITIES

The Township may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Legal Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Butler Township  
Richland County

We have audited the financial statements of Butler Township, Richland County, Ohio, (the Township) as and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 19, 2004. 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 *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 audit and, accordingly, we do not express such an opinion. We noted no matters of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, 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.

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

***Charles E. Harris & Associates, Inc.***  
August 19, 2004

**BUTLER TOWNSHIP  
 RICHLAND COUNTY, OHIO  
 FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2001-40570-001	Ohio Rev. Code Section 135.14 – Investment policy not on file with the Auditor of State	Yes	Finding No Longer Valid
2001-40570-002	Ohio Rev. Code Section 5705.41(B) – Expenses exceeded appropriations.	Yes	Finding No Longer Valid





**Auditor of State  
Betty Montgomery**

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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  
OCTOBER 14, 2004**