

**BUTLER TOWNSHIP
MONTGOMERY COUNTY
Regular Audit
For the Years Ended December 31, 2012 and 2011**

Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Butler Township, Montgomery County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2012. 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 Butler Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 31, 2014

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**Butler Township
Montgomery County**

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**Butler Township
Montgomery County**

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Perry & Associates
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INDEPENDENT AUDITOR'S REPORT

June 12, 2013

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

To the Board of Trustees:

Report on the Financial Statements

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, 2012 and 2011 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2012 and 2011, and the respective changes in cash financial position and the respective budgetary comparison for the General, Police District, Fire District and Harson (TIF) Funds, thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As described in Notes 2 and 3, the Township adopted Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding these matters.

Other Matters

Supplemental and Other Information

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position and governmental activities. These tables provide additional analysis and are not a required part of the basic financial statements.

These tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2013, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Respectfully Submitted,



Perry and Associates

Certified Public Accountants, A.C.

Butler Township - Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
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, 2012 and 2011, 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 Government's financial performance.

Highlights

Key highlights for 2012 are as follows:

Net position of governmental activities increased by \$1,687,955, or 15.9 percent, a significant change from the prior year, primarily due to the sale of bonds, whereby \$2,500,000 was received for the construction/renovation of the Administration/Police Building.

The Township's general receipts are primarily property and other taxes, and grants and entitlements. These receipts represent respectively 65 percent of the total cash received for governmental activities during the year.

Singing Ridge Blvd. was extended and connected to newly improved Cloverleaf Road, which was purchased by sale of bonds. This project was completed in 2012.

The building on Sudachi Drive was nearly complete by year's end, which became the home for the administration and police department in 2012.

Key highlights for 2011 are as follows:

Net position of governmental activities decreased \$725,785 or 6.4 percent, primarily due to the sale of bonds, whereby \$2,500,000 was received at the end of 2010.

The Township's general receipts are primarily property and other taxes, and grants and entitlements. These receipts represent respectively 78 percent of the total cash received for governmental activities during the year.

The Township purchased a property on Sudachi Drive, which will become the new home for the administration and police department in 2012.

Singing Ridge Blvd. was extended and connected to newly improved Cloverleaf Road, which was purchased by sale of bonds.

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 Government's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government 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.

Butler Township - Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government 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 Government'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 Government as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2012 and 2011, within the limitations of cash basis accounting. The statement of net position 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. 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 draws from the Township's general receipts.

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 and income taxes.

In the statement of net positions 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 Government'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 activities 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 funds for 2012 and 2011 are 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, 2012 and 2011
Unaudited

The Government as a Whole

Table 1 provides a summary of the Government's net position for 2012 and 2011 compared to 2010 on a cash basis:

(Table 1)

Net Position

	Governmental Activities		
	2012	2011	2010
Assets			
Cash and Cash Equivalents	\$12,269,911	\$10,581,956	\$11,307,741
Total Assets	\$12,269,911	\$10,581,956	\$11,307,741
Net Position			
Restricted for:			
Other Purposes	8,103,221	6,951,360	8,691,005
Unrestricted	4,166,690	3,630,596	2,616,736
Total Net Position	\$12,269,911	\$10,581,956	\$11,307,741

As mentioned previously, net position of governmental activities increased by \$1,687,955 or 15 percent during 2012. The primary reason for the increase is \$2,500,000 Sale of Bonds (Administration/Police building) money that was received in 2012. For 2011, net position of governmental activities decreased by \$725,785 or 6.4 percent. The primary reason for the decrease is \$2,500,000 Sale of Bonds (Cloverleaf project) money that was received in 2010.

The Township continues to experience minimal growth in commercial and residential development and income increases in tax revenue for TIF/RID programs.

Butler Township - Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

Table 2 reflects the changes in net position on a cash basis for 2012 and 2011 compared to 2010 for governmental activities.

(Table 2)
Changes in Net Position

	Governmental Activities		
	2012	2011	2010
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 1,436,324	\$ 1,367,633	\$ 1,319,941
Operating Grants and Contributions	113,098	130,036	1,006,422
Total Program Receipts	<u>1,549,422</u>	<u>1,497,669</u>	<u>2,326,363</u>
General Receipts:			
Property and Other Local Taxes	5,751,069	5,128,445	4,918,734
Other Taxes	643,460	559,280	536,995
Grants and Entitlements Not Restricted to Specific Programs	1,244,502	1,336,164	411,466
Interest	18,029	8,588	30,923
Sale of Bonds	2,500,000	-	2,500,000
Other Financing Sources	48,957	32,645	-
Sale of Capital Assets	16,994	-	209,324
Miscellaneous	73,268	432,068	167,439
Total General Receipts	<u>10,296,279</u>	<u>7,497,190</u>	<u>8,774,881</u>
Total Receipts	<u>11,845,701</u>	<u>8,994,859</u>	<u>11,101,244</u>
Disbursements:			
General Government	865,892	1,022,861	1,905,030
Public Safety	3,336,789	3,642,868	4,499,968
Public Works	1,426,539	1,495,638	1,680,322
Health	23,524	32,100	34,507
Capital Outlay	2,921,349	2,317,706	830,810
Other	143,200	-	241,083
Principal Retirement	180,644	241,186	184,184
Interest and Fiscal Charges	1,186,559	968,285	147,805
Other Financing Uses	73,250	-	-
Total Disbursements	<u>10,157,746</u>	<u>9,720,644</u>	<u>9,523,709</u>
Increase (Decrease) in Net Position	1,687,955	(725,785)	1,577,535
Net Position, January 1	<u>10,581,956</u>	<u>11,307,741</u>	<u>9,730,206</u>
Net Position, December 31	<u>\$ 12,269,911</u>	<u>\$ 10,581,956</u>	<u>\$ 11,307,741</u>

Butler Township - Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

Program receipts represent 13 and 16 percent for 2012 and 2011, respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, zoning permits, and cemetery receipts and miscellaneous fines and fees.

General receipts in the governmental activities represent 87 and 84 percent of the Township's total receipts for 2012 and 2011, 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 percent for 2012 and 75.8 percent for 2011 of total general receipts. Grants and entitlements also make up a significant portion of total general receipts representing 12 percent and 17.8 for 2012 and 2011, respectively. The sale of bonds (admin/pol) in 2012 accounted for 24 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 42 and 48 percent of all governmental disbursements in 2012 and 2011, respectively. Public works also represents a significant cost, about 14 and 15 percent for 2012 and 2011, respectively. Capital outlay also represents a significant portion of total disbursements at 29 and 24 percent for 2012 and 2011, respectively. 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, 2012 and 2011
Unaudited

(Table 3)

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2012	2012	2011	2011	2010	2010
General Government	\$ 865,892	\$ (78,032)	\$ 1,022,861	\$ (247,141)	\$ 1,905,030	\$ (1,736,361)
Public Safety	3,336,789	(2,920,568)	3,642,868	(3,268,571)	4,499,968	(3,394,711)
Public Works	1,426,539	(1,266,222)	1,495,638	(1,334,136)	1,680,322	(666,931)
Health	23,524	31,603	32,100	26,631	34,507	4,539
Other	143,200	(13,303)	-	127,419	-	-
Other Financing Uses	73,250	(73,250)	-	-	241,083	(241,083)
Capital Outlay	2,921,349	(2,921,349)	2,317,706	(2,317,706)	830,810	(830,810)
Debt Service:						
Principal Retirement	180,644	(180,644)	241,186	(241,186)	184,184	(184,184)
Interest and Fiscal Charges	1,186,559	(1,186,559)	968,285	(968,285)	147,805	(147,805)
Total Expenses	\$ 10,157,746	\$ (8,608,324)	\$ 9,720,644	\$ (8,222,975)	\$ 9,523,709	\$ (7,197,346)

The dependence upon general receipts is apparent as approximately 85 percent of governmental activities are supported through these general receipts in 2012 and 2011.

The Township's Funds

For 2012, total governmental funds had receipts of \$11,845,701 and disbursements of \$10,157,746. Total governmental receipts were greater than disbursements by \$1,687,955 indicating that the Township is in a positive spending situation.

For 2011, total governmental funds had receipts of \$8,994,859 and disbursements of \$9,720,644. Total governmental receipts were less than disbursements by \$725,785 indicating that the Township is in a negative 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 2012, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were \$3,944,082 while actual receipts were \$3,934,145.

The final appropriations for the General Fund were \$5,024,575, while actual disbursements were \$3,418,577. Actual disbursements were less than final budgeted appropriations for 2012.

During 2011, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were \$1,803,988 while actual receipts were \$1,808,740.

The final appropriations for the General Fund were \$4,832,640, while actual disbursements were \$3,493,482. Actual disbursements were less than final budgeted appropriations for 2011.

Butler Township - Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
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, 2012, the Township's outstanding debt was \$79,900 (ambulance). The Township has bonds (TIFs) in the amount of \$8,671,382 assigned by security agreement for repayment; of which some are backed by the full faith and credit of the Township. The Township acts as a conduit in collecting and disbursing the funds. The Township has capital leases in the amount of \$26,455 (dump truck) for equipment. For further information regarding the Township's debt and leases, refer to Notes 11 and 12 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 issues.

Contacting the Government'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, 3510 Sudachi Drive, Dayton, OH 45414.

Butler Township, Montgomery County

Statement of Net Position - Cash Basis

December 31, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 12,269,911
<i>Total Assets</i>	<u>12,269,911</u>
Net Position	
Restricted for:	
Other Purposes	8,103,221
Unrestricted	<u>4,166,690</u>
<i>Total Net Position</i>	<u>\$ 12,269,911</u>

See accompanying notes to the basic financial statements

Butler Township, Montgomery County

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2012*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
General Government	\$ 865,892	\$ 787,860	\$ -	\$ (78,032)
Public Safety	3,336,789	416,221	-	(2,920,568)
Public Works	1,426,539	47,219	113,098	(1,266,222)
Health	23,524	55,127	-	31,603
Other	143,200	129,897	-	(13,303)
Capital Outlay	2,921,349	-	-	(2,921,349)
Debt Service				
Principal Payments	180,644	-	-	(180,644)
Interest and Fiscal Charges	1,186,559	-	-	(1,186,559)
Other Financing Uses	73,250	-	-	(73,250)
<i>Total Governmental Activities</i>	<u>10,157,746</u>	<u>1,436,324</u>	<u>113,098</u>	<u>(8,608,324)</u>
General Receipts				
Property Taxes				5,751,069
Other Local Taxes				643,460
Grants and Entitlements not Restricted to Specific Programs				1,244,502
Sale of Bonds				2,500,000
Other Financing Sources				48,957
Interest				18,029
Sale of Capital Assets				16,994
Miscellaneous				73,268
<i>Total General Receipts</i>				<u>10,296,279</u>
Change in Net Position				1,687,955
<i>Net Position Beginning of Year</i>				<u>10,581,956</u>
<i>Net Position End of Year</i>				<u>\$ 12,269,911</u>

See accompanying notes to the basic financial statements

Butler Township, Montgomery County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2012

	General	Police District	Fire District	Harson (TIF)	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 3,959,497	\$ 185,737	\$ 4,168,319	\$ 1,513,618	\$ 2,442,740	\$ 12,269,911
<i>Total Assets</i>	<u>3,959,497</u>	<u>185,737</u>	<u>4,168,319</u>	<u>1,513,618</u>	<u>2,442,740</u>	<u>12,269,911</u>
Fund Balances						
Restricted	-	185,737	4,168,319	1,513,618	2,235,547	8,103,221
Committed	-	-	-	-	207,193	207,193
Unassigned	3,959,497	-	-	-	-	3,959,497
<i>Total Fund Balances</i>	<u>\$ 3,959,497</u>	<u>\$ 185,737</u>	<u>\$ 4,168,319</u>	<u>\$ 1,513,618</u>	<u>\$ 2,442,740</u>	<u>\$ 12,269,911</u>

See accompanying notes to the basic financial statements

Butler Township, Montgomery County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2012

	General	Police District	Fire District	Harson (TIF)	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 746,243	\$ 900,873	\$ 1,599,544	\$ 1,857,743	\$ 1,321,814	\$ 6,426,217
Charges for Services	-	3,352	411,816	-	638,054	1,053,222
Licenses, Permits and Fees	129,587	6	-	-	47,163	176,756
Fines and Forfeitures	3,638	739	-	-	308	4,685
Intergovernmental	376,074	267,564	436,106	-	277,855	1,357,599
Special Assessments	28,814	-	-	-	115,389	144,203
Interest	17,852	-	-	-	177	18,029
Other	36,708	20,983	11,565	-	29,783	99,039
<i>Total Receipts</i>	<u>1,338,916</u>	<u>1,193,517</u>	<u>2,459,031</u>	<u>1,857,743</u>	<u>2,430,543</u>	<u>9,279,750</u>
Disbursements						
Current:						
General Government	750,080	-	-	5,093	110,719	865,892
Public Safety	-	1,490,348	1,845,259	-	1,182	3,336,789
Public Works	9,077	-	-	-	1,417,462	1,426,539
Health	-	-	-	-	23,524	23,524
Other	-	-	-	127,200	16,000	143,200
Capital Outlay	2,181,648	6,105	254,685	361,694	117,217	2,921,349
Debt Service:						
Principal Retirement	-	-	-	147,664	32,980	180,644
Interest and Fiscal Charges	-	-	-	720,068	466,491	1,186,559
<i>Total Disbursements</i>	<u>2,940,805</u>	<u>1,496,453</u>	<u>2,099,944</u>	<u>1,361,719</u>	<u>2,185,575</u>	<u>10,084,496</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,601,889)</u>	<u>(302,936)</u>	<u>359,087</u>	<u>496,024</u>	<u>244,968</u>	<u>(804,746)</u>
Other Financing Sources (Uses)						
Sale of Bonds	2,500,000	-	-	-	-	2,500,000
Other Financing Sources	48,957	-	-	-	-	48,957
Other Financing Uses	(73,250)	-	-	-	-	(73,250)
Sale of Capital Assets	2,059	6,903	8,032	-	-	16,994
Transfers In	44,213	300,000	-	(44,213)	100,370	400,370
Transfers Out	(400,370)	-	-	-	-	(400,370)
<i>Total Other Financing Sources (Uses)</i>	<u>2,121,609</u>	<u>306,903</u>	<u>8,032</u>	<u>(44,213)</u>	<u>100,370</u>	<u>2,492,701</u>
<i>Net Change in Fund Balances</i>	519,720	3,967	367,119	451,811	345,338	1,687,955
<i>Fund Balances Beginning of Year</i>	<u>3,439,777</u>	<u>181,770</u>	<u>3,801,200</u>	<u>1,061,807</u>	<u>2,097,402</u>	<u>10,581,956</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,959,497</u>	<u>\$ 185,737</u>	<u>\$ 4,168,319</u>	<u>\$ 1,513,618</u>	<u>\$ 2,442,740</u>	<u>\$ 12,269,911</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 733,100	\$ 748,382	\$ 746,243	\$ (2,139)
Licenses, Permits and Fees	122,000	129,586	129,587	1
Fines and Forfeitures	4,000	4,000	3,638	(362)
Intergovernmental	340,975	398,201	376,074	(22,127)
Special Assessments	22,810	28,813	28,814	1
Interest	1,700	3,000	17,852	14,852
Other	13,600	36,710	36,708	(2)
<i>Total receipts</i>	<u>1,238,185</u>	<u>1,348,692</u>	<u>1,338,916</u>	<u>(9,776)</u>
Disbursements				
Current:				
General Government	976,935	924,935	754,232	170,703
Public Works	11,700	11,700	9,077	2,623
Health	11,000	11,000	-	11,000
Capital Outlay	3,511,320	3,563,320	2,181,648	1,381,672
Debt Service:				
Interest and Fiscal Charges	40,000	40,000	-	40,000
<i>Total Disbursements</i>	<u>4,550,955</u>	<u>4,550,955</u>	<u>2,944,957</u>	<u>1,605,998</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,312,770)</u>	<u>(3,202,263)</u>	<u>(1,606,041)</u>	<u>1,596,222</u>
Other Financing Sources (Uses)				
Sale of Bonds	2,400,000	2,500,000	2,500,000	-
Transfers In	44,213	44,213	44,213	-
Transfers Out	(400,370)	(400,370)	(400,370)	-
Sale of Capital Assets	-	2,059	2,059	-
Other Financing Uses	-	(73,250)	(73,250)	-
Other Financing Sources	161	49,118	48,957	(161)
<i>Total Other Financing Sources (Uses)</i>	<u>2,044,004</u>	<u>2,121,770</u>	<u>2,121,609</u>	<u>(161)</u>
<i>Net Change in Fund Balance</i>	(1,268,766)	(1,080,493)	515,568	1,596,061
<i>Fund Balance Beginning of Year</i>	3,433,994	3,433,994	3,433,994	-
Prior Year Encumbrances Appropriated	5,783	5,783	5,783	-
<i>Fund Balance End of Year</i>	<u>2,171,011</u>	<u>2,359,284</u>	<u>3,955,345</u>	<u>1,596,061</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 Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 1,020,000	\$ 900,872	\$ 900,873	\$ 1
Charges For Services	3,320	3,351	3,352	1
Licenses, Permits and Fees	10	10	6	(4)
Fines and Forfeitures	1,000	1,000	739	(261)
Intergovernmental	243,230	267,564	267,564	-
Other	18,350	21,005	20,983	(22)
<i>Total Receipts</i>	<u>1,285,910</u>	<u>1,193,802</u>	<u>1,193,517</u>	<u>(285)</u>
Disbursements				
Current:				
Public Safety	1,543,154	1,543,154	1,503,463	39,691
Capital Outlay	7,200	7,200	6,605	595
Debt Service:				
Interest and Fiscal Charges	40,000	40,000	-	40,000
<i>Total Disbursements</i>	<u>1,590,354</u>	<u>1,590,354</u>	<u>1,510,068</u>	<u>80,286</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(304,444)</u>	<u>(396,552)</u>	<u>(316,551)</u>	<u>80,001</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,000	6,903	6,903	-
Transfers In	300,000	300,000	300,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>301,000</u>	<u>306,903</u>	<u>306,903</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(3,444)	(89,649)	(9,648)	80,001
<i>Fund Balance Beginning of Year</i>	178,326	178,326	178,326	-
Prior Year Encumbrances Appropriated	3,444	3,444	3,444	-
<i>Fund Balance End of Year</i>	<u>\$ 178,326</u>	<u>\$ 92,121</u>	<u>\$ 172,122</u>	<u>\$ 80,001</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 Fund
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 1,740,000	\$ 1,599,544	\$ 1,599,544	\$ -
Charges for Services	349,603	409,228	411,816	2,588
Intergovernmental	385,998	436,107	436,106	(1)
Other	5,000	11,366	11,565	199
<i>Total Receipts</i>	<u>2,480,601</u>	<u>2,456,245</u>	<u>2,459,031</u>	<u>2,786</u>
Disbursements				
Current:				
Public Safety	2,354,272	2,473,157	1,895,214	577,943
Capital Outlay	280,000	310,578	260,986	49,592
<i>Total Disbursements</i>	<u>2,634,272</u>	<u>2,783,735</u>	<u>2,156,200</u>	<u>627,535</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(153,671)</u>	<u>(327,490)</u>	<u>302,831</u>	<u>630,321</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,000	8,032	8,032	-
<i>Total Other Financing Sources (Uses)</i>	<u>1,000</u>	<u>8,032</u>	<u>8,032</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(152,671)</u>	<u>(319,458)</u>	<u>310,863</u>	<u>630,321</u>
<i>Fund Balance Beginning of Year</i>	3,777,535	3,777,535	3,777,535	-
Prior Year Encumbrances Appropriated	23,665	23,665	23,665	-
<i>Fund Balance End of Year</i>	<u>\$ 3,648,529</u>	<u>\$ 3,481,742</u>	<u>\$ 4,112,063</u>	<u>\$ 630,321</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) Fund
 For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 1,322,000	\$ 1,857,742	\$ 1,857,743	\$ 1
<i>Total receipts</i>	<u>1,322,000</u>	<u>1,857,742</u>	<u>1,857,743</u>	<u>1</u>
Disbursements				
Current:				
General Government	25,000	25,000	5,093	19,907
Other	552,662	667,162	142,749	524,413
Capital Outlay	165,000	450,872	361,694	89,178
Debt Service:				
Principal Retirement	115,964	147,664	147,664	-
Interest and Fiscal Charges	634,359	720,071	720,068	3
<i>Total Disbursements</i>	<u>1,492,985</u>	<u>2,010,769</u>	<u>1,377,268</u>	<u>633,501</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(170,985)</u>	<u>(153,027)</u>	<u>480,475</u>	<u>633,502</u>
Other Financing Sources (Uses)				
Transfers Out	(44,213)	(44,213)	(44,213)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(44,213)</u>	<u>(44,213)</u>	<u>(44,213)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(215,198)	(197,240)	436,262	633,502
<i>Fund Balance Beginning of Year</i>	<u>1,061,807</u>	<u>1,061,807</u>	<u>1,061,807</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 846,609</u>	<u>\$ 864,567</u>	<u>\$ 1,498,069</u>	<u>\$ 633,502</u>

See accompanying notes to the basic financial statements

Butler Township, Montgomery County

Statement of Net Position - Cash Basis

December 31, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 10,581,956
<i>Total Assets</i>	<u>10,581,956</u>
Net Position	
Restricted for:	
Other Purposes	6,951,360
Unrestricted	<u>3,630,596</u>
<i>Total Net Position</i>	<u>\$ 10,581,956</u>

See accompanying notes to the basic financial statements

Butler Township, Montgomery County

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2011*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
General Government	\$ 1,022,861	\$ 775,720	\$ -	\$ (247,141)
Public Safety	3,642,868	374,297	-	(3,268,571)
Public Works	1,495,638	31,466	130,036	(1,334,136)
Health	32,100	58,731	-	26,631
Other	-	127,419	-	127,419
Capital Outlay	2,317,706	-	-	(2,317,706)
Debt Service				
Principal Payments	241,186	-	-	(241,186)
Interest and Fiscal Charges	968,285	-	-	(968,285)
<i>Total Governmental Activities</i>	<u>9,720,644</u>	<u>1,367,633</u>	<u>130,036</u>	<u>(8,222,975)</u>
General Receipts				
Property Taxes				5,128,445
Other Local Taxes				559,280
Grants and Entitlements not Restricted to Specific Programs				1,336,164
Other Financing Sources				32,645
Interest				8,588
Miscellaneous				432,068
<i>Total General Receipts</i>				<u>7,497,190</u>
Change in Net Position				(725,785)
<i>Net Position Beginning of Year</i>				<u>11,307,741</u>
<i>Net Position End of Year</i>				<u>\$ 10,581,956</u>

See accompanying notes to the basic financial statements

Butler Township, Montgomery County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2011

	General	Police District	Fire District	Harson (TIF)	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 3,439,777	\$ 181,770	\$ 3,801,200	\$ 1,061,807	\$ 2,097,402	\$ 10,581,956
<i>Total Assets</i>	<u>3,439,777</u>	<u>181,770</u>	<u>3,801,200</u>	<u>1,061,807</u>	<u>2,097,402</u>	<u>10,581,956</u>
Fund Balances						
Restricted	-	181,770	3,801,200	1,061,807	1,906,583	6,951,360
Committed	1,186,078	-	-	-	190,819	1,376,897
Unassigned	2,253,699	-	-	-	-	2,253,699
<i>Total Fund Balances</i>	<u>\$ 3,439,777</u>	<u>\$ 181,770</u>	<u>\$ 3,801,200</u>	<u>\$ 1,061,807</u>	<u>\$ 2,097,402</u>	<u>\$ 10,581,956</u>

See accompanying notes to the basic financial statements

Butler Township, Montgomery County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2011

	General	Police District	Fire District	Harson (TIF)	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 681,083	\$ 1,019,620	\$ 1,740,003	\$ 1,188,615	\$ 1,089,870	\$ 5,719,191
Charges for Services	-	3,864	369,217	-	592,389	965,470
Licenses, Permits and Fees	122,440	57	-	-	47,656	170,153
Fines and Forfeitures	4,545	1,159	-	-	-	5,704
Intergovernmental	542,731	243,521	403,392	-	276,557	1,466,201
Special Assessments	52,747	-	-	-	111,998	164,745
Interest	8,467	-	-	-	121	8,588
Other	347,124	32,744	48,983	-	33,311	462,162
<i>Total Receipts</i>	<u>1,759,137</u>	<u>1,300,965</u>	<u>2,561,595</u>	<u>1,188,615</u>	<u>2,151,902</u>	<u>8,962,214</u>
Disbursements						
Current:						
General Government	879,083	-	-	13,647	130,131	1,022,861
Public Safety	-	1,650,873	1,990,075	-	1,920	3,642,868
Public Works	2,492	-	-	-	1,493,146	1,495,638
Health	-	-	-	-	32,100	32,100
Capital Outlay	2,019,839	838	3,503	152,556	140,970	2,317,706
Debt Service:						
Principal Retirement	-	-	14,115	133,442	93,629	241,186
Interest and Fiscal Charges	-	-	362	500,330	467,593	968,285
<i>Total Disbursements</i>	<u>2,901,414</u>	<u>1,651,711</u>	<u>2,008,055</u>	<u>799,975</u>	<u>2,359,489</u>	<u>9,720,644</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,142,277)</u>	<u>(350,746)</u>	<u>553,540</u>	<u>388,640</u>	<u>(207,587)</u>	<u>(758,430)</u>
Other Financing Sources (Uses)						
Other Financing Sources	-	-	-	-	32,645	32,645
Transfers In	51,603	270,000	-	-	316,286	637,889
Transfers Out	(586,285)	-	-	(44,214)	(7,390)	(637,889)
<i>Total Other Financing Sources (Uses)</i>	<u>(534,682)</u>	<u>270,000</u>	<u>-</u>	<u>(44,214)</u>	<u>341,541</u>	<u>32,645</u>
<i>Net Change in Fund Balances</i>	<u>(1,676,959)</u>	<u>(80,746)</u>	<u>553,540</u>	<u>344,426</u>	<u>133,954</u>	<u>(725,785)</u>
<i>Fund Balances Beginning of Year - Restated See Note 4</i>	<u>5,116,736</u>	<u>262,516</u>	<u>3,247,660</u>	<u>717,381</u>	<u>1,963,448</u>	<u>11,307,741</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,439,777</u>	<u>\$ 181,770</u>	<u>\$ 3,801,200</u>	<u>\$ 1,061,807</u>	<u>\$ 2,097,402</u>	<u>\$ 10,581,956</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 691,213	\$ 674,540	\$ 681,083	\$ 6,543
Licenses, Permits and Fees	115,000	122,440	122,440	-
Fines and Forfeitures	12,000	4,545	4,545	-
Intergovernmental	213,797	542,329	542,731	402
Special Assessments	49,810	52,746	52,747	1
Interest	48,000	8,500	8,467	(33)
Other	13,600	347,124	347,124	-
<i>Total receipts</i>	<u>1,143,420</u>	<u>1,752,224</u>	<u>1,759,137</u>	<u>6,913</u>
Disbursements				
Current:				
General Government	1,079,155	1,013,674	884,866	128,808
Public Works	5,000	11,322	2,492	8,830
Health	11,000	11,000	-	11,000
Capital Outlay	104,911	3,210,359	2,019,839	1,190,520
<i>Total Disbursements</i>	<u>1,200,066</u>	<u>4,246,355</u>	<u>2,907,197</u>	<u>1,339,158</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(56,646)</u>	<u>(2,494,131)</u>	<u>(1,148,060)</u>	<u>1,346,071</u>
Other Financing Sources (Uses)				
Transfers In	44,214	51,603	51,603	-
Transfers Out	(502,000)	(586,285)	(586,285)	-
Other Financing Sources	161	161	-	(161)
<i>Total Other Financing Sources (Uses)</i>	<u>(457,625)</u>	<u>(534,521)</u>	<u>(534,682)</u>	<u>(161)</u>
<i>Net Change in Fund Balance</i>	(514,271)	(3,028,652)	(1,682,742)	1,345,910
<i>Fund Balance Beginning of Year - Restated See Note 4</i>	5,086,358	5,086,358	5,086,358	-
Prior Year Encumbrances Appropriated	30,378	30,378	30,378	-
<i>Fund Balance End of Year</i>	<u>\$ 4,602,465</u>	<u>\$ 2,088,084</u>	<u>\$ 3,433,994</u>	<u>\$ 1,345,910</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 Fund
 For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 1,000,670	\$ 1,000,689	\$ 1,019,620	\$ 18,931
Charges For Services	-	3,864	3,864	-
Licenses, Permits and Fees	30	57	57	-
Fines and Forfeitures	1,500	1,159	1,159	-
Intergovernmental	266,575	240,424	243,521	3,097
Other	27,210	34,104	32,744	(1,360)
<i>Total receipts</i>	<u>1,295,985</u>	<u>1,280,297</u>	<u>1,300,965</u>	<u>20,668</u>
Disbursements				
Current:				
Public Safety	1,693,683	1,669,170	1,654,317	14,853
Capital Outlay	3,000	1,600	838	762
<i>Total Disbursements</i>	<u>1,696,683</u>	<u>1,670,770</u>	<u>1,655,155</u>	<u>15,615</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(400,698)</u>	<u>(390,473)</u>	<u>(354,190)</u>	<u>36,283</u>
Other Financing Sources (Uses)				
Transfers In	391,000	270,000	270,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>391,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(9,698)	(120,473)	(84,190)	36,283
<i>Fund Balance Beginning of Year</i>	250,636	250,636	250,636	-
Prior Year Encumbrances Appropriated	11,880	11,880	11,880	-
<i>Fund Balance End of Year</i>	<u>\$ 252,818</u>	<u>\$ 142,043</u>	<u>\$ 178,326</u>	<u>\$ 36,283</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 Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 1,706,027	\$ 1,706,060	\$ 1,740,003	\$ 33,943
Charges for Services	298,603	369,216	369,217	1
Intergovernmental	407,050	396,006	403,392	7,386
Other	5,000	48,983	48,983	-
<i>Total receipts</i>	<u>2,416,680</u>	<u>2,520,265</u>	<u>2,561,595</u>	<u>41,330</u>
Disbursements				
Current:				
Public Safety	2,437,918	2,075,973	2,013,740	62,233
Capital Outlay	66,955	3,551	3,503	48
Debt Service:				
Principal Payments	-	14,115	14,115	-
Interest and Fiscal Charges	-	362	362	-
<i>Total Disbursements</i>	<u>2,504,873</u>	<u>2,094,001</u>	<u>2,031,720</u>	<u>62,281</u>
<i>Net Change in Fund Balance</i>	<u>(88,193)</u>	<u>426,264</u>	<u>529,875</u>	<u>103,611</u>
<i>Fund Balance Beginning of Year</i>	3,238,349	3,238,349	3,238,349	-
Prior Year Encumbrances Appropriated	<u>9,311</u>	<u>9,311</u>	<u>9,311</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,159,467</u>	<u>\$ 3,673,924</u>	<u>\$ 3,777,535</u>	<u>\$ 103,611</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) Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 997,000	\$ 1,188,615	\$ 1,188,615	\$ -
<i>Total receipts</i>	<u>997,000</u>	<u>1,188,615</u>	<u>1,188,615</u>	<u>-</u>
Disbursements				
Current:				
General Government	-	13,648	13,647	1
Capital Outlay	112,262	217,046	152,556	64,490
Debt Service:				
Principal Retirement	140,452	163,452	133,442	30,010
Interest and Fiscal Charges	578,831	570,395	500,330	70,065
<i>Total Disbursements</i>	<u>831,545</u>	<u>964,541</u>	<u>799,975</u>	<u>164,566</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>165,455</u>	<u>224,074</u>	<u>388,640</u>	<u>164,566</u>
Other Financing Sources (Uses)				
Transfers Out	(44,214)	(44,214)	(44,214)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(44,214)</u>	<u>(44,214)</u>	<u>(44,214)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	121,241	179,860	344,426	164,566
<i>Fund Balance Beginning of Year - Restated See Note 4</i>	664,118	664,118	664,118	-
Prior Year Encumbrances Appropriated	53,263	53,263	53,263	-
<i>Fund Balance End of Year</i>	<u>\$ 838,622</u>	<u>\$ 897,241</u>	<u>\$ 1,061,807</u>	<u>\$ 164,566</u>

See accompanying notes to the basic financial statements

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 two (2) jointly governed organizations with the City of Dayton known as the Butler Township – Dayton Joint Economic Development District; and with the City of Vandalia known as the Butler Township – Vandalia Joint Economic Development District (JEDD), which the Township and the Cities have entered into the contracts 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 Note 16, 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 16 to the financial statements provides additional information for JEDD.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, 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. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position 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 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.

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 are the General, Police District, Fire District and Harson (TIF) funds.

General Fund The 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 other governmental funds of the Township account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

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.

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.

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".

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.

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.

In 2012 and 2011, 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.

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund was \$17,852 and \$177 to other funds for 2012 and \$8,467 and \$121 to other funds for 2011.

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.

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.

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.

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.

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 healthcare benefits.

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 is reported at inception. Lease payments are reported when paid.

Net Position

Net position is 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. Net position restricted for other purposes include resources restricted for police, fire and TIFs. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the 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 and after nonoperating receipts/disbursements in proprietary 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 – Change in Accounting Principle

For 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This change was incorporated in the Township’s 2011 financial statements; however, there was no effect on beginning fund balances.

For 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township’s 2011 financial statements; however, there was no effect on beginning net position/fund balance.

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 4 – Restatement of Fund Balances

A posting error in the prior period was corrected that affected beginning fund balances as follows:

	General Fund	Harson (TIF) Fund	Total
Fund Balance at			
December 31, 2010	\$ 2,616,736	\$ 3,217,381	\$ 5,834,117
Correction of Posting Error	2,500,000	(2,500,000)	-
Adjusted Fund Balance at			
December 31, 2010	\$ 5,116,736	\$ 717,381	\$ 5,834,117

Note 5 – Budgetary Basis of Accounting

The budgetary basis is 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 the 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, 2012 (budget basis) amounted to \$4,152 for the General fund, \$13,615 for the Police District fund, \$56,256 for the Fire District fund, and \$15,549 for Harson (TIF) fund, and \$2,837 in the remaining funds totaling \$92,409. The encumbrances outstanding at December 31, 2011 (budget basis) amounted to \$5,783 for the General fund, \$3,444 for the Police District fund, \$23,665 for the Fire District fund and \$1,440 in the remaining funds totaling \$34,332.

Note 6 – 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 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 Trustees have 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 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 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

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

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. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2012 and 2011, \$7,182,605 and \$5,521,230 of the Township’s bank balance of \$7,432,605 and \$5,771,230, respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Township’s name.

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

As of December 31, 2012, the Township had the following

	Carrying Value	Maturity
Money Market Mutual Fund	\$5,021,384	daily
Total Portfolio	\$5,021,384	

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

As of December 31, 2011, the Township had the following

	Carrying Value	Maturity
U.S. Treasury Bill	\$ 765,137	8/15/12
Money Market Mutual Fund	4,241,463	daily
Total Portfolio	\$5,006,600	

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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 the 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.

Custodial Credit Risk 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 that are in the possession of an outside party. The repurchase agreement, federal national mortgage association notes, federal home loan mortgage corporation notes, and the federal home loan bank notes 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 no 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

Note 7 – 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 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date.

Public utility property tax receipts received in 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2010, 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) was 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, and the remainder payable by September 20.

The assessed values of real property, public utility property, and tangible personal property upon which 2012 and 2011 property tax receipts were based are as follows:

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Real Property	2012	2011
Residential/Agriculture	\$ 191,594,020	\$ 192,415,890
Commercial/Industrial	36,783,670	36,410,860
Public Utility Real	123,410	148,290
Public Utility Personal	5,961,390	4,813,450
Total Assessed Value	\$ 234,462,490	\$ 233,788,490

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 8 – 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. During 2012 and 2011, the Township was 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:

Type of Coverage	Amount of Coverage
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

Settlement 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 9 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer 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 provide 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 Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Ohio Revised Code provides statutory authority for member and employer contributions. For 2012 and 2011, member and contribution rates were consistent across all three plans, law enforcement and public safety divisions exist only within the traditional plan. In 2012 and 2011, member contribution rates were 10 percent, for members in state and local classifications. Public safety and law enforcement rates were 11.5 and 12.1 percent, respectively, for 2012 and 11 and 11.6 percent, respectively, for 2011. The Township's contribution rate for 2012 and 2011 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Township contribution was 18.10 percent of covered payroll.

The Township's required contributions for pension obligations to the traditional pension and combined plans for the years ending December 31, 2012, 2011 and 2010 were \$420,975, \$465,164 and \$556,604. The full amount has been contributed for all years.

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 information 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 for the years ending December 31, 2012, 2011 and 2010 were \$286,735, \$237,408 and \$297,811. The full amount has been contributed for all years.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description

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 Pan 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 services 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.

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 issue a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377. 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 contributions to OPERS is set aside for the funding of post-retirement benefits.

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Employer Contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, local government employer units contributed at 14 percent of covered payroll and law enforcement or public safety contribution was 18.1 percent. The Ohio Revised Code currently limits the employer 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 employer contribution rate that will be set aside for funding of post-employment health care benefits. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending of the number of covered dependents and coverage selected. The Township contributions to fund postemployment healthcare benefits for the years ended December 31, 2012, 2011 and 2010 were \$120,273, \$132,897 and \$189,245, respectively. The full amount has been contributed for all years.

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 benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

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 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 of the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 Ease 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 percentage4s 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 to the pension plan to the 401 (h) accounts as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2011, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401 (h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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 contributions to fund postemployment benefits were \$63,368, \$52,467 and \$83,685 for 2012, 2011 and 2010, respectively. The full amount has been contributed for all years.

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 11 – Debt

The Township’s long-term debt activity for the year ended December 31, 2012, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/12</u>
Tax Increment Revenue Bonds (2)					
(Towne Center-Morris TIF)	4.60%	\$ 1,300,000	\$ -	\$ -	\$ 1,300,000
TIF - Harson 1 (Sonia Singer)	5.00%	776,710	-	35,994	740,716
TIF - Harson 2 (Harson)	5.00%	1,725,636	-	79,970	1,645,666
PNC Emergency Equipment	4.91%	104,100	-	24,200	79,900
TIF - Cloverleaf Road	4.22%	2,500,000	-	-	2,500,000
Bonds - Admin/Police Bldg.	2% - 3.75%	-	2,500,000	15,000	2,485,000
Total Governmental Activities		<u>\$ 6,406,446</u>	<u>\$ 2,500,000</u>	<u>\$ 155,164</u>	<u>\$ 8,751,282</u>

The Township’s long-term debt activity for the year ended December 31, 2011, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/11</u>
Tax Increment Revenue Bonds (1)					
(USA Truck)	4.00%	\$ 59,000	\$ -	\$ 59,000	\$ -
Tax Increment Revenue Bonds (2)					
(Towne Center-Morris TIF)	4.60%	1,300,000	-	-	1,300,000
TIF - Harson 1 (Sonia Singer)	5.00%	810,991	-	34,281	776,710
TIF - Harson 2 (Harson)	5.00%	1,801,797	-	76,161	1,725,636
PNC Emergency Equipment	4.91%	127,100	-	23,000	104,100
TIF - Cloverleaf Road	4.22%	2,500,000	-	-	2,500,000
Total Governmental Activities		<u>\$ 6,598,888</u>	<u>\$ -</u>	<u>\$ 192,442</u>	<u>\$ 6,406,446</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 rates. The final payment was made during 2011.

The Township sold Tax Increment Revenue Bonds (2) (Towne Center – Morris) 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 started in year 2011. Principal and interest payments start 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 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 TIF (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.

The Township issued bonds for the new administration/police building for a total of \$2,500,000 in 2012. Principal and interest payments are made annually through December 2031.

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Amortization of the previously mentioned debt is as follows:

Tax Increment Revenue Bonds (2)		
(Towne Center - Morris TIF)		
Year	Principal	Interest
2013	\$ -	\$ 59,800
2014	70,000	59,800
2015	70,000	56,580
2016	75,000	53,360
2017	80,000	49,910
2018-2022	450,000	192,050
2023-2027	555,000	79,350
<u>Total</u>	<u>\$ 1,300,000</u>	<u>\$ 550,850</u>

TIF - Harson 1		
(Sonia Singer)		
Year	Principal	Interest
2013	\$ 37,795	\$ 37,036
2014	39,684	35,146
2015	41,668	33,162
2016	43,751	31,078
2017	45,939	28,891
2018-2022	266,535	107,615
2023-2027	265,344	33,977
<u>Total</u>	<u>\$ 740,716</u>	<u>\$ 306,905</u>

TIF - Harson 2		
(Harson)		
Year	Principal	Interest
2013	\$ 83,969	\$ 82,283
2014	88,166	78,085
2015	92,576	73,677
2016	97,204	69,048
2017	102,064	64,188
2018-2022	592,167	239,091
2023-2027	589,520	75,487
<u>Total</u>	<u>\$ 1,645,666</u>	<u>\$ 681,859</u>

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

PNC Emergency Equipment		
Year	Principal	Interest
2013	\$ 25,400	\$ 3,923
2014	26,600	2,676
2015	27,900	1,370
<u>Total</u>	<u>\$ 79,900</u>	<u>\$ 7,969</u>

TIF - Cloverleaf Road		
Year	Principal	Interest
2013	\$ -	\$ 105,500
2014	105,000	105,500
2015	110,000	101,069
2016	110,000	96,427
2017	115,000	91,785
2018-2022	665,000	381,277
2023-2027	815,000	228,302
2028-2030	580,000	49,585
<u>Total</u>	<u>\$ 2,500,000</u>	<u>\$ 1,159,445</u>

Bonds - Admin/Police Building		
Year	Principal	Interest
2013	\$ 10,000	\$ 72,920
2014	10,000	72,720
2015	10,000	72,520
2016	15,000	72,320
2017	130,000	72,020
2018-2022	735,000	314,000
2023-2027	825,000	202,888
2028-2030	750,000	63,712
<u>Total</u>	<u>\$ 2,485,000</u>	<u>\$ 943,100</u>

During 2006, the Township sold \$503,500 in Tax Increment Revenue Bonds to its own General Fund. The interest rate is 5%. 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. The following table details the activity for 2012 and 2011.

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/12</u>
Tax Increment Revenue Bonds (General Fund)	5.00%	\$ 458,920	\$ -	\$ 21,267	\$ 437,653

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/11</u>
Tax Increment Revenue Bonds (General Fund)	5.00%	\$ 479,175	\$ -	\$ 20,255	\$ 458,920

Amortization is as follows:

Tax Increment Revenue Bonds General Fund		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 22,331	\$ 21,883
2014	23,447	20,766
2015	24,620	19,594
2016	25,851	18,363
2017	27,143	17,070
2018-2022	157,482	63,585
2023-2027	156,779	20,075
<u>Total</u>	<u>\$ 437,653</u>	<u>\$ 181,336</u>

Note 12 – Leases

At December 31, 2012, the Township had the following leases. This lease is for 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:

<u>Year</u>	<u>Lease Payments</u>
2013	\$ 27,209
Total	\$ 27,209
Less amount representing interest	754
	<u>\$ 26,455</u>

Note 13 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

As of December 31, 2012

Fund Balances	General	Police District	Fire District	Harson (TIF)	Other Governmental Funds
Restricted for					
Residential Incentive District	\$ -	\$ -	\$ -	\$ -	\$ 781,667
Lighting District	-	-	-	-	2,745
Tax Increment Financing	-	-	-	1,513,618	148,834
Road and Bridge Maintenance	-	-	-	-	1,143,569
Police Operations	-	185,737	-	-	10,070
Fire Operations	-	-	4,168,319	-	-
Drug and Alcohol Education	-	-	-	-	407
Cemetery	-	-	-	-	148,255
<i>Total Restricted</i>	<u>-</u>	<u>185,737</u>	<u>4,168,319</u>	<u>1,513,618</u>	<u>2,235,547</u>
Committed to					
Zoning	-	-	-	-	59,620
Garbage and Waste Disposal	-	-	-	-	147,573
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,193</u>
Unassigned (Deficit)	<u>3,959,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>\$ 3,959,497</u>	<u>\$ 185,737</u>	<u>\$ 4,168,319</u>	<u>\$ 1,513,618</u>	<u>\$ 2,442,740</u>

As of December 31, 2011

Fund Balances	General	Police District	Fire District	Harson (TIF)	Other Governmental Funds
Restricted for					
Residential Incentive District	\$ -	\$ -	\$ -	\$ -	\$ 620,014
Seizure Monies	-	-	-	-	1,088
Lighting District	-	-	-	-	3,707
Tax Increment Financing	-	-	-	1,061,807	94,637
Road and Bridge Maintenance	-	-	-	-	1,065,960
Police Operations	-	181,770	-	-	4,426
Fire Operations	-	-	3,801,200	-	-
Drug and Alcohol Education	-	-	-	-	99
Cemetery	-	-	-	-	116,652
<i>Total Restricted</i>	<u>-</u>	<u>181,770</u>	<u>3,801,200</u>	<u>1,061,807</u>	<u>1,906,583</u>
Committed to					
Improvement of Sites (Rodeway Inn)	185,457	-	-	-	-
Road Improvement (Cloverleaf)	989,621	-	-	-	-
Underground Storage Tanks	11,000	-	-	-	-
Zoning	-	-	-	-	52,635
Garbage and Waste Disposal	-	-	-	-	138,184
<i>Total Committed</i>	<u>1,186,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,819</u>
Unassigned (Deficit)	<u>2,253,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>\$ 3,439,777</u>	<u>\$ 181,770</u>	<u>\$ 3,801,200</u>	<u>\$ 1,061,807</u>	<u>\$ 2,097,402</u>

Butler Township- Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 14 – Interfund Transfers

During 2012 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund (Police)	\$300,000
Other Governmental Funds	100,370
Total Transfers from the General Fund	<u>\$400,370</u>
Transfers to the General Fund from:	
Harson TIF	\$44,213
Total Transfers to the General Fund	<u>\$44,213</u>

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 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.

During 2011 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund (Police)	\$270,000
Other Governmental Funds	316,286
Total Transfers from the General Fund	<u>\$586,286</u>
Transfers to the General Fund from Other Governmental Funds:	
Harson TIF	\$44,214
Singing Ridge TIF	7,389
Total Transfers from the General Fund	<u>\$51,603</u>

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 not 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.

Note 15 – Contingent Liabilities

As of December 31, 2012 and 2011, the Township is 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 effect 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 16 – Jointly Governed Organizations

The Butler Township – City of Dayton Joint Economic Development (JEDD), and the Butler Township – City of Vandalia Economic Development (JEDD); two separate JEDD’s, were created to facilitate economic development and preserve jobs and employment opportunities. A Board of Directors has been established for each JEDD, 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 for both JEDD’s. 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 holding 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 revenue pursuant to the Contract, and the purchasing of goods and service and the making of capital improvements.

Perry & Associates
Certified Public Accountants, A.C.

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

June 12, 2013

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

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Butler Township** (the Township), Montgomery County, Ohio, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report dated June 12, 2013, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles and the Township has adopted Governmental Accounting Standards Board Statements No. 54 and No. 63.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2012-001 described in the accompanying schedule of audit findings to be a material weakness.

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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2012-001.

Township's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**BUTLER TOWNSHIP
MONTGOMERY COUNT**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Material Weakness / Noncompliance

Accurate Financial Statements and Disclosures

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 identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The following items were noted during the audit:

- A prior period adjustment was required to correct beginning balances
- Reclassifications were required to properly reflect principal and interest payments of debt
- Sale of bonds and costs of bond issuance were not properly recorded
- Several required financial statement disclosures were omitted from the footnotes and required correction
- GASB. No. 63 had not been implemented in the financial statements presented for audit

Failure to provide accurate and complete financial information limit's management's resources for decision making and can provide a false perception of the Township's financial position to financial statement users. The accompanying financial statements reflect all reclassifications and adjustments.

We recommend the Fiscal Officer refer to Ohio Administrative Code, the Ohio Township Handbook and Governmental Accounting Standards for guidance to determine proper accounting, financial statement presentation and footnote disclosure.

Management's Response – We did not receive a response to this finding.

**BUTLER TOWNSHIP
MONTGOMERY COUNT**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Revised Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contact or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto.	Yes	
2010-002	Ohio Administrative 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.	No	Repeated as Finding 2012-001
2010-003	Benefits paid on behalf of Trustees and Fiscal Officer The Township adopted a policy to “pick up” the required Employee/Elected Officials contributions to the Ohio Public Employees Retirement System.	Yes	See schedule below.

<u>Trustee</u>	<i>Original Total Owed</i>	<i>Total Paid through April 24th, 2013</i>	<i>Remaining Owed</i>
Michael Lang	\$2,927.06	\$2,927.06	\$0.00
Doug Orange	\$4,983.84	\$0.00	\$4,983.84
Martin Russell	\$2,927.06	\$870.21	\$2,056.85
Joseph Ellis	\$2,056.78	\$0.00	\$2,056.78
Eleanor Lewis	\$2,056.78	\$1,302.52	\$754.26
<i>Fiscal Officer</i>			
Mark Adams	\$6,827.33	\$1,192.07	\$5,635.26

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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
NOVEMBER 13, 2014**