



OHIO AUDITOR OF STATE
KEITH FABER



**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Butler Township
Montgomery County
3510 Sudachi Drive
Dayton, Ohio 45414

To the Board of Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of Butler Township, Montgomery County, Ohio (the Township).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 such 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, as discussed in Note 14 to the financial statements for the year ended December 31, 2019, the January 1, 2019 balances were restated. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2021, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber
Auditor of State
Columbus, Ohio

July 16, 2021

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**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$638,054	\$6,522,712		\$7,160,766
Charges for Services		513,716		513,716
Licenses, Permits and Fees	150,188	32,387		182,575
Fines and Forfeitures	5,844	886		6,730
Intergovernmental	642,089	1,540,826		2,182,915
Special Assessments	18,467	110,190		128,657
Earnings on Investments	160,711	6,160		166,871
Miscellaneous	19,153	256,847		276,000
<i>Total Cash Receipts</i>	<u>1,634,506</u>	<u>8,983,724</u>	<u>0</u>	<u>10,618,230</u>
Cash Disbursements				
Current:				
General Government	710,421	844,855		1,555,276
Public Safety		4,997,494		4,997,494
Public Works	15,200	968,899		984,099
Health		65,487		65,487
Other		3,800		3,800
Capital Outlay	190,037	465,463		655,500
Debt Service:				
Principal Retirement		575,000		575,000
Interest and Fiscal Charges		235,950		235,950
<i>Total Cash Disbursements</i>	<u>915,658</u>	<u>8,156,948</u>	<u>0</u>	<u>9,072,606</u>
<i>Excess of Receipts Over Disbursements</i>	<u>718,848</u>	<u>826,776</u>	<u>0</u>	<u>1,545,624</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets		6,149		6,149
Transfers In		895,000		895,000
Transfers Out	(895,000)			(895,000)
Advances In	81,283			81,283
Advances Out		(81,283)		(81,283)
Other Financing Sources	1,210			1,210
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(812,507)</u>	<u>819,866</u>	<u>0</u>	<u>7,359</u>
<i>Net Change in Fund Cash Balances</i>	<u>(93,659)</u>	<u>1,646,642</u>	<u>0</u>	<u>1,552,983</u>
<i>Fund Cash Balances, January 1</i>	<u>4,518,315</u>	<u>13,664,663</u>	<u>\$184,655</u>	<u>18,367,633</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,424,656</u>	<u>\$15,311,305</u>	<u>\$184,655</u>	<u>\$19,920,616</u>

See accompanying notes to the basic financial statements

**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$730,302
<i>Total Operating Cash Receipts</i>	<u>730,302</u>
Operating Cash Disbursements	
Salaries	63,748
Employee Fringe Benefits	16,110
Purchased Services	593,127
Supplies and Materials	1,853
Other	940
<i>Total Operating Cash Disbursements</i>	<u>675,778</u>
<i>Operating Income</i>	<u>54,524</u>
Non-Operating Receipts	
Miscellaneous	77
<i>Total Non-Operating Receipts</i>	<u>77</u>
<i>Net Change in Fund Cash Balances</i>	54,601
<i>Fund Cash Balances, January 1</i>	<u>559,464</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$614,065</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Butler Township, Montgomery County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, emergency medical services, police protection, waste collection services and zoning. The Township contracts with the City of Dayton to provide EMS Services to the Dayton International Airport.

Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pool

The Township participates in jointly governed organizations, joint ventures and a public entity risk pool. Notes 7, 12, and 13 to the financial statements provides additional information for these entities. 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

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road & Bridge Fund This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Police District Fund This fund receives property tax money for the operation of the Butler Township Police Department.

Fire District Fund This fund receives property tax money and revenue generated from the Emergency Medical Services provided by the Butler Township Fire Department.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Permanent Improvement Fund The Township received proceeds from the sale of land. The proceeds are committed for permanent improvements.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Township had the following significant Enterprise Fund:

Waste District Fund – This fund accounts for the charges the Township levies to collect and remove waste and refuse.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

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

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Township values negotiable certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable: The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted: Fund balance is *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: Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,924,533	\$1,716,999	(\$207,534)
Special Revenue	9,779,757	9,884,873	105,116
Enterprise	725,067	730,379	5,312
Total	\$12,429,357	\$12,332,251	(\$97,106)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,218,018	\$1,852,594	\$365,424
Special Revenue	10,089,040	8,662,474	1,426,566
Enterprise	844,130	825,776	18,354
Total	\$13,151,188	\$11,340,844	\$1,810,344

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments.

A summary of the Township's deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	12,528,186
Negotiable Certificates of Deposit	7,946,000
Money Market Mutual Funds	60,495
Total investments	8,006,495
Total deposits and investments	\$20,534,681

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$39,671 in unremitted employee payroll withholdings.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Interfund Balances

The Township sold Tax Increment Revenue Bonds totaling \$503,500 in 2006 to its own General Fund; the interest rate is 5.0%. This debt is not presented in Note 10 as the improvement for infrastructure was financed by the General Fund and is being repaid to the General Fund as the additional tax increment financing revenue is received from the County Auditor. The following table details the amortization schedule of the above debt.

Year	TIF - Township Bond	
	Principal	Interest
2021	\$32,993	\$11,221
2022	34,642	9,571
2023	36,375	7,839
2024	38,193	6,020
2025	40,103	4,111
2026	42,108	2,105
Totals	\$224,414	\$40,867

Note 7 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019, the most recent information available:

	2019
Cash and Investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants gross salaries. The Township Police Officers contributed 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of the full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2020.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Towne Center - Morris TIF	\$750,000	4.6%
TIF - Cloverleaf Road	1,526,930	4.22%
Bonds - Admin/Police Building	1,880,000	2-3.375%
Bond Refinance	540,000	2.30%
Fire Staton Remodel	1,665,000	2-3.25%
Total	\$6,361,930	

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 started in 2014. This bond is secured through a service agreement with the developer of Morris Furniture.

The Township sold Tax Increment Revenue Bonds (Harson 1 Sonia Singer and Harson 2 Harson) in 2006 for \$2,900,902 for the improvement of road infrastructure with the Township. These are twenty year bonds with a 5.0% interest rate. This bond is secured through a service agreement with Singer Properties. In a prior year, the Township paid off the remaining principal owed for the Harson 1 bond, \$756,044, and the Township paid off the remaining principal for the Harson 2 bonds, \$514,722, both from the Harson TIF Fund. The Township refinanced the remaining amount of \$1,165,000 through Minster Bank. That debt is now General Obligation Bonds and will be paid off in 2026. The new interest rate is 2.3% and principal and interest payments started in 2013.

The Township sold Tax Increment Revenue Bonds (Cloverleaf) in 2010 for \$2,500,000 for the improvement of road infrastructure in the Township. These are twenty year bonds with a 4.22% interest rate. Interest payments only started in 2011. One extra principal payment was made in 2013 in the amount of \$153,070 which was the leftover money for the project. Principal and interest payments started in 2014. This bond is secured through a service agreement with the Stonesprings Nursing Home Facility.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Township sold General Obligation Bonds in 2011 to purchase an existing office building and remodel it for the new government center which houses the administration and police divisions in the amount of \$2,500,000. These are twenty year bonds with a varying interest rate of 2% to 3.375%. Principal and interest payments started in 2012.

The Township sold General Obligation Bonds in 2013 to renovate the existing fire station headquarters in the amount of \$2,575,000. These are twenty year bonds with a varying interest rate of 2% to 3.25%. Principal and interest payments started in 2013.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Towne Center - Morris TIF	
	Principal	Interest
2021	\$95,000	\$34,500
2022	100,000	30,130
2023	100,000	25,530
2024	105,000	20,930
2025	110,000	16,100
2026-2027	240,000	16,790
Total	\$750,000	\$143,980

Year Ending December 31:	TIF - Cloverleaf Road	
	Principal	Interest
2021	\$140,000	\$64,436
2022	145,000	58,528
2023	150,000	52,409
2024	155,000	46,080
2025	165,000	39,539
2026-2030	771,930	88,183
Total	\$1,526,930	\$349,175

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Bonds - Admin/Police Building		
Year Ending December 31:	Principal	Interest
2021	\$150,000	\$59,370
2022	155,000	54,870
2023	155,000	50,220
2024	160,000	45,570
2025	165,000	40,770
2026-2030	900,000	123,459
2031	195,000	6,581
Total	\$1,880,000	\$380,840

Bond Refinance		
Year Ending December 31:	Principal	Interest
2021	\$85,000	\$12,420
2022	85,000	10,465
2023	90,000	8,510
2024	90,000	6,440
2025	95,000	4,370
2026	95,000	2,185
Total	\$540,000	\$44,390

Fire Station Remodel		
Year Ending December 31:	Principal	Interest
2021	\$120,000	\$46,713
2022	125,000	44,312
2023	125,000	41,812
2024	130,000	38,812
2025	130,000	35,693
2026-2030	720,000	120,158
2031-2032	315,000	15,438
Total	\$1,665,000	\$342,938

Note 11 – Contingent Liabilities

The Township is the defendant in a lawsuit filed in 2018. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect 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. The grantor 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.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Joint Ventures

Butler Township has an agreement with the City of Vandalia to provide joint services for fire protection and EMS. This agreement allows for joint staffing of the Butler Township Fire Station on Little York Road and the Vandalia Fire Station on Peters Pike. Each station has two employees from other jurisdictions that will help respond to calls for that particular service area in the City or Township which may include joint staffing of equipment.

Note 13 – Jointly Governed Organizations

The Township participates in three (3) jointly governed organizations: with the City of Dayton known as the Butler Township – Dayton Joint Economic Development District; and 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. The third partnership is also with the City of Vandalia known as the Butler Township – City of Vandalia Joint Economic Development Zone (JEDZ). The Township and City have entered into the contracts to create and provide for the operation of the JEDZ agreement in accordance with Section 715.691 of the Ohio Revised Code.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$41,936	\$424,243	\$466,179
<i>Total</i>	\$41,936	\$424,243	\$466,179

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are committed. These restricted and committed amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 16 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) - all governmental fund types.

Note 17 – Subsequent Event

During 2021, the Township received notification that approximately \$870,000 will be allocated to the Township from the American Rescue Plan.

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**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$998,639	\$6,771,417		\$7,770,056
Charges for Services		532,899		532,899
Licenses, Permits and Fees	153,884	35,883		189,767
Fines and Forfeitures	14,980	579		15,559
Intergovernmental	766,329	804,480		1,570,809
Special Assessments	20,056	106,634		126,690
Earnings on Investments	137,839	4,883		142,722
Miscellaneous	11,750	174,275		186,025
<i>Total Cash Receipts</i>	<u>2,103,477</u>	<u>8,431,050</u>	<u>0</u>	<u>10,534,527</u>
Cash Disbursements				
Current:				
General Government	803,605	924,364		1,727,969
Public Safety		4,604,692		4,604,692
Public Works	8,784	1,383,705		1,392,489
Health		61,908		61,908
Capital Outlay	157,640	446,771		604,411
Debt Service:				
Principal Retirement		550,000		550,000
Interest and Fiscal Charges	51,412	200,788		252,200
<i>Total Cash Disbursements</i>	<u>1,021,441</u>	<u>8,172,228</u>	<u>0</u>	<u>9,193,669</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,082,036</u>	<u>258,822</u>	<u>0</u>	<u>1,340,858</u>
Other Financing Receipts (Disbursements)				
Premium and Accrued Interest on Debt	38,921			38,921
Sale of Capital Assets	2,733	116,379	\$184,655	303,767
Transfers In		650,000		650,000
Transfers Out	(650,000)			(650,000)
Advances In	7,144			7,144
Advances Out		(7,144)		(7,144)
Other Financing Uses	(1,237)			(1,237)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(602,439)</u>	<u>759,235</u>	<u>184,655</u>	<u>341,451</u>
<i>Net Change in Fund Cash Balances</i>	479,597	1,018,057	184,655	1,682,309
<i>Fund Cash Balances, January 1, Restated</i>	<u>4,038,718</u>	<u>12,646,606</u>		<u>16,685,324</u>
Fund Cash Balances, December 31				
Restricted		13,664,663		13,664,663
Committed			184,655	184,655
Assigned	38,026			38,026
Unassigned	4,480,289			4,480,289
<i>Fund Cash Balances, December 31</i>	<u>\$4,518,315</u>	<u>\$13,664,663</u>	<u>\$184,655</u>	<u>\$18,367,633</u>

See accompanying notes to the basic financial statements

**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$735,646</u>
<i>Total Operating Cash Receipts</i>	<u>735,646</u>
Operating Cash Disbursements	
Salaries	62,396
Employee Fringe Benefits	17,787
Purchased Services	604,522
Supplies and Materials	<u>613</u>
<i>Total Operating Cash Disbursements</i>	<u>685,318</u>
<i>Operating Income</i>	<u>50,328</u>
Non-Operating Receipts	
Miscellaneous Receipts	<u>13,519</u>
<i>Total Non-Operating Receipts</i>	<u>13,519</u>
<i>Net Change in Fund Cash Balance</i>	63,847
<i>Fund Cash Balance, January 1</i>	<u>495,617</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$559,464</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Butler Township, Montgomery County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, emergency medical services, police protection, waste collection services and zoning. The Township contracts with the City of Dayton to provide EMS Services to the Dayton International Airport.

Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pool

The Township participates in jointly governed organizations, joint ventures and a public entity risk pool. Notes 7, 12, and 13 to the financial statements provide additional information for these entities. 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

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road & Bridge Fund This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Police District Fund This fund receives property tax money for the operation of the Butler Township Police Department.

Fire District Fund This fund receives property tax money and revenue generated from the Emergency Medical Services provided by the Butler Township Fire Department.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Permanent Improvement Fund The Township received proceeds from the sale of land. The proceeds are committed for permanent improvements.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Township had the following significant Enterprise Fund:

Waste District Fund – This fund accounts for the charges the Township levies to collect and remove waste and refuse.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

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

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Township values negotiable certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable: The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted: Fund balance is *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: Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are 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 included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,248,863	\$2,152,275	(\$96,588)
Special Revenue	9,133,556	9,197,429	63,873
Capital Projects		184,655	184,655
Enterprise	744,482	749,165	4,683
Total	\$12,126,901	\$12,283,524	\$156,623

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,954,745	\$1,710,704	\$244,041
Special Revenue	9,684,854	8,412,946	1,271,908
Enterprise	860,023	831,118	28,905
Total	\$12,499,622	\$10,954,768	\$1,544,854

Note 4 – Deposits and Investments

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

	2019
Demand deposits	11,087,473
Negotiable Certificates of Deposit	6,937,000
Money Market Mutual Funds	902,624
Total investments	7,839,624
Total deposits and investments	\$18,927,097

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Interfund Balances

The Township sold Tax Increment Revenue Bonds totaling \$503,500 in 2006 to its own General Fund; the interest rate is 5.0%. This debt is not presented in Note 10 as the improvement for infrastructure was financed by the General Fund and is being repaid to the General Fund as the additional tax increment financing revenue is received from the County Auditor. The following table details the amortization schedule of the above debt.

Year	TIF - Township Bond	
	Principal	Interest
2020	\$31,421	\$12,792
2021	32,993	11,221
2022	34,642	9,571
2023	36,375	7,839
2024	38,193	6,020
2025-2026	82,211	6,216
Totals	\$255,835	\$53,659

Note 7 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2019
Cash and Investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants gross salaries. The Township Police Officers contributed 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of the full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2019.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Towne Center - Morris TIF	\$840,000	4.6%
TIF - Cloverleaf Road	1,661,930	4.22%
Bonds - Admin/Police Building	2,025,000	2-3.375%
Bond Refinance	625,000	2.30%
Fire Staton Remodel	1,785,000	2-3.25%
Total	\$6,936,930	

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 started in 2014. This bond is secured through a service agreement with the developer of Morris Furniture.

The Township sold Tax Increment Revenue Bonds (Harson 1 Sonia Singer and Harson 2 Harson) in 2006 for \$2,900,902 for the improvement of road infrastructure with the Township. These are twenty year bonds with a 5.0% interest rate. This bond is secured through a service agreement with Singer Properties. In a prior year, the Township paid off the remaining principal owed for the Harson 1 bond, \$756,044, and the Township paid off the remaining principal for the Harson 2 bonds, \$514,722, both from the Harson TIF Fund. The Township refinanced the remaining amount of \$1,165,000 through Minster Bank. That debt is now General Obligation Bonds and will be paid off in 2026. The new interest rate is 2.3% and principal and interest payments started in 2013.

The Township sold Tax Increment Revenue Bonds (Cloverleaf) in 2010 for \$2,500,000 for the improvement of road infrastructure in the Township. These are twenty year bonds with a 4.22% interest rate. Interest payments only started in 2011. One extra principal payment was made in 2013 in the amount of \$153,070 which was the leftover money for the project. Principal and interest payments started in 2014. This bond is secured through a service agreement with the Stonesprings Nursing Home Facility.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

The Township sold General Obligation Bonds in 2011 to purchase an existing office building and remodel it for the new government center which houses the administration and police divisions in the amount of \$2,500,000. These are twenty year bonds with a varying interest rate of 2% to 3.375%. Principal and interest payments started in 2012.

The Township sold General Obligation Bonds in 2013 to renovate the existing fire station headquarters in the amount of \$2,575,000. These are twenty year bonds with a varying interest rate of 2% to 3.25%. Principal and interest payments started in 2013.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Towne Center - Morris TIF	
	Principal	Interest
2020	\$90,000	\$38,640
2021	95,000	34,500
2022	100,000	30,130
2023	100,000	25,530
2024	105,000	20,930
2025-2027	350,000	32,890
Total	\$840,000	\$182,620

Year Ending December 31:	TIF - Cloverleaf Road	
	Principal	Interest
2020	\$135,000	\$70,133
2021	140,000	64,436
2022	145,000	58,528
2023	150,000	52,409
2024	155,000	46,080
2025-2029	890,000	125,741
2030	46,930	1,980
Total	\$1,661,930	\$419,307

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Year Ending December 31:	Bonds - Admin/Police Building	
	Principal	Interest
2020	\$145,000	\$63,720
2021	150,000	59,370
2022	155,000	54,870
2023	155,000	50,220
2024	160,000	45,570
2025-2029	875,000	151,235
2030-2031	385,000	19,575
Total	\$2,025,000	\$444,560

Year Ending December 31:	Bond Refinance	
	Principal	Interest
2020	\$85,000	\$14,375
2021	85,000	12,420
2022	85,000	10,465
2023	90,000	8,510
2024	90,000	6,440
2025-2026	190,000	6,555
Total	\$625,000	\$58,765

Year Ending December 31:	Fire Station Remodel	
	Principal	Interest
2020	\$120,000	\$49,113
2021	120,000	46,713
2022	125,000	44,312
2023	125,000	41,812
2024	130,000	38,812
2025-2029	700,000	140,738
2030-2032	465,000	30,550
Total	\$1,785,000	\$392,050

Note 11 – Contingent Liabilities

The Township is the defendant in a lawsuit filed in 2018. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect 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. The grantor 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.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 – Joint Ventures

Butler Township has an agreement with the City of Vandalia to provide joint services for fire protection and EMS. This agreement allows for joint staffing of the Butler Township Fire Station on Little York Road and the Vandalia Fire Station on Peters Pike. Each station has two employees from other jurisdictions that will help respond to calls for that particular service area in the City or Township which may include joint staffing of equipment.

Note 13 – Jointly Governed Organizations

The Township participates in three (3) jointly governed organizations: with the City of Dayton known as the Butler Township – Dayton Joint Economic Development District; and 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. The third partnership is also with the City of Vandalia known as the Butler Township – City of Vandalia Joint Economic Development Zone (JEDZ). The Township and City have entered into the contracts to create and provide for the operation of the JEDZ agreement in accordance with Section 715.691 of the Ohio Revised Code.

Note 14 – Restatement of Fund Balances

In the prior audit report, the Township reported the Fire District Capital Reserve Fund as a Capital Projects fund. For the year ended December 31, 2019, the Fire District Capital Reserve Fund was mapped to the Fire (Special Revenue) Fund for reporting purposes.

This had the following effect on the financial statements:

	Special Revenue	Capital Projects
Fund Cash Balances, December 31, 2018	\$10,881,606	\$1,765,000
Restatement	1,765,000	(1,765,000)
Fund Cash Balances, December 31, 2018, Restated	<u>\$12,646,606</u>	<u>\$0</u>

OHIO AUDITOR OF STATE KEITH FABER



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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

Butler Township
Montgomery County
3510 Sudachi Drive
Dayton, Ohio 45414

To the Board of Township Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of Butler Township, Montgomery County, (the Township) and have issued our report thereon dated July 16, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township, and that the Township restated the January 1, 2019 balances.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 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 financial statements. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Township's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 16, 2021

**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness – Financial Statement Misstatements

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to a breakdown in internal controls, the following errors in the Township's annual financial reports for 2020 and 2019 were identified as material and have been adjusted in the accompanying financial statements and the Township's accounting system:

- During 2019, the Township received money from Harson Investment LTD as stipulated by a Right of Way Agreement for the York Center Drive Extension. The money was receipted into the General fund rather than the Harson TIF (Special Revenue) fund, the fund from which the York Center Drive Extension costs were paid. As a result, cash and miscellaneous receipts were overstated by \$55,688 in the General fund and understated by the same amount in the Harson TIF (Special Revenue) fund.
- During 2019, the Township received \$184,655 for the sale of vacant land which was improperly recorded in the General fund as miscellaneous receipts. As a result, cash and miscellaneous receipts were overstated by \$184,655 in the General fund and cash and other financing receipts: sale of assets were understated by \$184,655 in the Permanent Improvement (Capital Projects) fund.
- During 2019, the Township incorrectly recorded the investment in certificates of deposit (CD) at market value rather than cost. As a result, fund cash balances, December 31 and earnings on investments were overstated by \$95,510, \$527, \$1,641, and \$1,216 in the General, Motor Vehicle License Tax (Special Revenue), Gasoline Tax (Special Revenue), and Permissive Motor Vehicle (Special Revenue) Funds, respectively.
- The Township accumulates resources in a Fire Capital Reserve (Capital Projects) Fund in accordance with Ohio Rev. Code § 5705.13. The Township maps this fund to the Fire District (Special Revenue) Fund for reporting purposes. During 2020, the Township did not properly map the Fire Capital Reserve (Capital Projects) Fund to the Fire District (Special Revenue) Fund for reporting purposes. As a result, fund cash balances, January 1, cash disbursements: capital outlay, and fund cash balances, December 31 were overstated by \$1,482,587, \$25,851, and \$1,456,736, respectively, in the Fire Capital Reserve (Capital Projects) Fund. Additionally, fund cash balances, January 1, cash disbursements: capital outlay, and fund cash balances, December 31 were understated by \$1,482,587, \$25,851, and \$1,456,736, respectively, in the Fire District (Special Revenue) Fund.
- Governmental Accounting Standards Board (GASB) Codification 1800.184 states, in part, encumbered amounts for specific purposes for which resources already have been restricted, committed, or assigned should not result in separate display of the encumbered amounts within those classifications. For 2019, the Township improperly classified outstanding encumbrances in the Special Revenue Funds as assigned. As a result, assigned fund balance was overstated and restricted fund balance was understated by \$207,504 in the Special Revenue Funds in 2019.
- During 2020, the Township incorrectly recorded a grant from FEMA in the General fund rather than the FEMA (Special Revenue) fund. As a result, intergovernmental receipts and fund cash balances, December 31 were overstated by \$105,043 in the General fund and understated by the same amount in the FEMA (Special Revenue) Fund.

FINDING NUMBER 2020-001
(Continued)

Policies and procedures should be established and implemented by the Township to verify that all receipts and disbursements are posted in the proper fund and account. The Township should review postings each month and again at the end of the year to verify that all amounts are classified and posted correctly. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

Officials' Response:

The township recognizes the misclassifications of funds in the financial statements during the fiscal years 2019 & 2020. Some were repeated due to the prior audit completion in December, 2019. The township also unknowingly failed to establish a Special Revenue Fund and a Permanent Improvement Fund, which has been corrected. The township is working to establish procedures to verify receipts, disbursements and fund classifications are verified on a regular basis.



Government Center

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 & 2019**

Mike Lang
Trustee

Kenneth M. Betz
Trustee

Missy Pruszynski
Trustee

Gregory A. Brush
Fiscal Officer

Erika Vogel
Township Administrator

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Statement Misstatement: Receipts disbursements, and fund balances were misclassified.	Partially corrected. Repeated as Finding in 2020-001.	The township had misclassifications of funds in the financial statements during the fiscal year. Some were repeated due to the prior audit completion in December, 2019. The township also failed to establish a Special Revenue Fund and Permanent Improvement Fund, which has been corrected. The township is working to establish procedures to verify receipts and disbursements are classified correctly.

OHIO AUDITOR OF STATE KEITH FABER



BUTLER TOWNSHIP

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/10/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov