



**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

August 20, 2001

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$668,636	\$2,012,843		\$2,681,479
Intergovernmental	753,059	291,055	\$560,516	1,604,630
Special Assessments		21,352		21,352
Charges for Services	8,375	802,579		810,954
Licenses, Permits, and Fees	30,441	45,456		75,897
Fines, Forfeitures, and Penalties	3,481	525		4,006
Earnings on Investments	181,107	640		181,747
Other Revenue	25,202	198,923	315	224,440
	<u>1,670,301</u>	<u>3,373,373</u>	<u>560,831</u>	<u>5,604,505</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	841,763	47,825		889,588
Public Safety	0	2,105,244		2,105,244
Public Works	7,832	1,048,627		1,056,459
Health		32,795		32,795
Capital Outlay	20,150	611,235	401,892	1,033,277
	<u>869,745</u>	<u>3,845,726</u>	<u>401,892</u>	<u>5,117,363</u>
<b>Total Cash Disbursements</b>				
<b>Total Receipts Over/(Under) Disbursements</b>	<u>800,556</u>	<u>(472,353)</u>	<u>158,939</u>	<u>487,142</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		310,400	20,000	330,400
Advances-In	46,000	77,149		123,149
Transfers-Out	(330,400)			(330,400)
Advances-Out	(77,149)	(46,000)		(123,149)
	<u>(361,549)</u>	<u>341,549</u>	<u>20,000</u>	<u></u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	439,007	(130,804)	178,939	487,142
<b>Fund Cash Balances, January 1</b>	<u>2,055,440</u>	<u>710,886</u>	<u>5,301</u>	<u>2,771,627</u>
<b>Fund Cash Balances, December 31</b>	<u>\$2,494,447</u>	<u>\$580,082</u>	<u>\$184,240</u>	<u>\$3,258,769</u>

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

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NON EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	\$38
<b>Operating Cash Disbursements:</b>	<u>                    </u>
Operating Income	38
Fund Cash Balance, January 1	<u>1,570</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$1,608</u></u>

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



**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$1,045,195	\$1,970,241		\$3,015,436
Intergovernmental	321,562	329,921	\$5,176	656,659
Special Assessments		18,435		18,435
Charges for Services	7,143	692,990		700,133
Licenses, Permits, and Fees		42,617		42,617
Earnings on Investments	132,409	361		132,770
Other Revenue	91,677	259,564		351,241
	<u>1,597,986</u>	<u>3,314,129</u>	<u>5,176</u>	<u>4,917,291</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	602,963	62,431		665,394
Public Safety		2,085,004		2,085,004
Public Works	10,313	1,023,178		1,033,491
Health		38,968		38,968
Capital Outlay	22,435	365,557		387,992
	<u>635,711</u>	<u>3,575,138</u>		<u>4,210,849</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>962,275</u>	<u>(261,009)</u>	<u>5,176</u>	<u>706,442</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		373,013	125	373,138
Advances-In		35,000		35,000
Transfers-Out	(373,179)			(373,179)
Advances-Out	(35,000)			(35,000)
	<u>(408,179)</u>	<u>408,013</u>	<u>125</u>	<u>(41)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	554,096	147,004	5,301	706,401
Fund Cash Balances, January 1	<u>1,501,344</u>	<u>563,882</u>		<u>2,065,226</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$2,055,440</u></u>	<u><u>\$710,886</u></u>	<u><u>\$5,301</u></u>	<u><u>\$2,771,627</u></u>

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

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NON EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Fiduciary Fund Types</b>
	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Interest	\$91
<b>Operating Cash Disbursements:</b>	
Operating Income	91
Other Financing Source	
Transfers-In	41
Net Receipts Over Disbursements	132
Fund Cash Balance, January 1	1,438
<b>Fund Cash Balance, December 31</b>	<b>\$1,570</b>

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

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Butler Township, Montgomery County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection, police services, trash and waste disposal, and emergency medical services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Overnight repurchase agreements and Federal Security Notes are valued at cost.

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 disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**Police Fund** - This fund receives property tax monies for the operations of the Township's police department.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fire District Fund** - This fund receives property tax monies and revenues generated from the emergency medical services it provides.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the only one capital project fund. That was the Public Works Projects fund. This fund received monies from Ohio Public Works commission and several grants.

**4. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following fiduciary fund:

**Cemetery Bequest Fund** - A non expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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

**F. Property, Plant and Equipment**

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

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Unpaid Vacation and Sick Leave**

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

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

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

	<u>1999</u>	<u>2000</u>
Demand deposits	\$2,767,135	\$1,730,789
Total deposits	2,767,135	1,730,789
Repurchase Agreement	6,060	25,972
FNMA Security	0	1,014,082
FHLMC Security	0	489,534
Total investments	0	1,529,588
Total deposits and investments	\$2,773,195	\$3,260,377

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

**Investments:** U.S. Government Agency Securities were held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. Repurchase Agreement funds are held in book entry form by the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 2000 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,279,986	\$1,597,986	\$318,000
Special Revenue	3,574,301	3,722,142	147,841
Capital Projects	652,217	5,301	(646,916)
Non Expendable Trust	0	132	132
Total	\$5,506,504	\$5,325,561	(\$180,943)

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,210,904	\$1,043,890	\$167,014
Special Revenue	3,777,914	3,575,138	202,776
Capital Projects	652,217	0	652,217
Non expendable Trust	0	0	0
Total	<u>\$5,641,035</u>	<u>\$4,619,028</u>	<u>\$1,022,007</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,555,293	\$1,716,301	\$161,008
Special Revenue	3,872,808	3,760,922	(111,886)
Capital Projects	448,677	580,831	132,154
Non expendable Trust	100	38	(62)
Total	<u>\$5,876,878</u>	<u>\$6,058,092</u>	<u>\$181,214</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,452,300	\$1,277,294	\$175,006
Special Revenue	4,308,849	3,891,726	417,123
Capital Projects	453,978	401,892	52,086
Non Expendable Trust	1,583	0	1,583
Total	<u>\$6,216,710</u>	<u>\$5,570,912</u>	<u>\$645,798</u>

The township was in noncompliance concerning budgetary items for the following areas:

- Ohio Rev. Code Section 5705.41(D), failure to obtain fiscal officer's certification prior to incurring obligation of Township funds.
- Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations for various Special Revenue accounts.
- Ohio Rev. Code Section 5705.36, the principle amount of the nonexpendable trust fund was not excluded from the amount available for expenditure on the Official Certificate of Estimated Resources.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX**

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

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

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

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

**5. RETIREMENT SYSTEMS**

The Township's firemen belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Police and other full time employees belong to the Public Employees Retirement System (PERS) of Ohio, cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 2000, the members of PFDPF contributed 10% of their gross salaries. The township contributed an amount equal to 24% of participants' gross salaries. For 1999 & 2000 PERS administrative members paid 8.5% of their gross salaries and policemen paid 9% of their gross salaries. The township contributed to PERS an amount equal to 13.55% of administrative gross salaries and 16.7% of policemen's gross salaries from January 1999 through June 2000. Then from July to December 2000, they paid 8.13% of administrative gross salaries and 14.7% of policemen's gross salaries. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Official's Liability

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

**8. SUBSEQUENT EVENTS**

The Township received an interest free loan from Montgomery County in the amount of \$119,636 to assist in upgrading the Township's radio system on July 9, 2001.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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

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

To the Board of Trustees:

We have audited the financial statements of Butler Township (the Township) as of and for the years ended December 31, 1999 and December 31, 2000, and have issued our report thereon dated August 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40357-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 20, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 20, 2001.

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

**JIM PETRO**  
Auditor of State

August 20, 2001

**BUTLER TOWNSHIP  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 2000**

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

**NON-COMPLIANCE**

**FINDING NUMBER 2000-40357-001**

Ohio Rev. Code Section 5705.41 (D) states that no subdivision shall enter into any contract or order any expenditure of money unless the certificate of the fiscal officer is attached certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void. If no certificate is issued at the time the contract or order is obligated, the fiscal may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrances both at the time that the contract or order was entered into and at the time of payment. After certifying that the amount is available, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the board of trustees must approve such payment within 30 days of the date of the fiscal officer's certification.

For 100% of the expenditures tested, the Township honored expenditures for which there was no certification of the fiscal officer. In addition, the Township failed to utilize the exceptions noted above.

The Township should implement policies and procedures to help ensure that funds are properly certified and encumbered prior to receiving the goods and services. This needs to be applied to all departments in the Township.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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 8, 2001**