



OHIO AUDITOR OF STATE
KEITH FABER



**BUTLER TOWNSHIP
MONTGOMERY COUNTY
DECEMBER 31, 2024 AND 2023**

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INDEPENDENT AUDITOR'S REPORT

Butler Township
Montgomery County
3510 Sudachi Drive
Dayton, Ohio 45414

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified, Qualified and Adverse Opinions

We have audited the financial statements of Butler Township, Montgomery County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying 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, 2024 and for the General and Enterprise Funds as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the Special Revenue Funds as of and for the year ended December 31, 2023, and the related notes of Butler Township, Montgomery County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2024 and 2023, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Additional Opinion Qualification

The Township has outsourced emergency medical services (EMS) billings to a third-party administrator. The financial statements report EMS Charges for Services cash receipts in a Special Revenue Fund. The third-party administrator did not provide us with information we requested regarding the design or proper operation of its internal controls for the year ended December 31, 2023. We were therefore unable to obtain sufficient appropriate audit evidence about the proper processing of EMS billings and charges for services receipts. Those charges for services receipts are reported at \$597,367 for the year ended December 31, 2023, which is 6 percent of total Special Revenue Fund cash receipts for the year ended December 31, 2023. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As disclosed in Note 15 to the financial statements for 2024 and 2023, the Township restated its beginning balances due to errors from previous years. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 17, 2025

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Butler Township
Montgomery County, Ohio

*Combined Statement of Receipts, Disbursements
 and Changes in Fund Balances (Regulatory Cash Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 2024*

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$1,224,982	\$7,053,556		\$8,278,538
Charges for Services		625,972		625,972
Licenses, Permits and Fees	130,408	47,508		177,916
Fines and Forfeitures	25,100	583		25,683
Intergovernmental	882,038	2,260,399		3,142,437
Special Assessments	18,468	108,212		126,680
Earnings on Investments	272,586	25,761		298,347
Miscellaneous	7,334	183,400		190,734
<i>Total Cash Receipts</i>	<u>2,560,916</u>	<u>10,305,391</u>		<u>12,866,307</u>
Cash Disbursements				
Current:				
General Government	1,176,269	935,102		2,111,371
Public Safety		6,454,459		6,454,459
Public Works	19,158	1,344,151		1,363,309
Health		93,155		93,155
Other		181,598		181,598
Capital Outlay	1,061,659	6,665,714		7,727,373
Debt Service:				
Principal Retirement		510,000		510,000
Interest and Fiscal Charges		118,980		118,980
<i>Total Cash Disbursements</i>	<u>2,257,086</u>	<u>16,303,159</u>		<u>18,560,245</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>303,830</u>	<u>(5,997,768)</u>		<u>(5,693,938)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets		76,680		76,680
Transfers In		1,075,000		1,075,000
Transfers Out	(1,075,000)			(1,075,000)
Advances In	47,223	1,213,021		1,260,244
Advances Out	(1,213,021)	(47,223)		(1,260,244)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,240,798)</u>	<u>2,317,478</u>		<u>76,680</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,936,968)</u>	<u>(3,680,290)</u>		<u>(5,617,258)</u>
<i>Fund Cash Balances, January 1, Restated</i>	<u>4,851,535</u>	<u>18,417,482</u>	<u>\$184,655</u>	<u>23,453,672</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,914,567</u>	<u>\$14,737,192</u>	<u>\$184,655</u>	<u>\$17,836,414</u>

See accompanying notes to the basic financial statements.

Butler Township
Montgomery County, Ohio

*Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2024*

	Enterprise
Operating Cash Receipts	
Charges for Services	<u>\$768,919</u>
<i>Total Operating Cash Receipts</i>	<u>768,919</u>
Operating Cash Disbursements	
Salaries	69,214
Employee Fringe Benefits	17,925
Purchased Services	695,860
Supplies and Materials	<u>2,965</u>
<i>Total Operating Cash Disbursements</i>	<u>785,964</u>
<i>Operating Income (Loss)</i>	<u>(17,045)</u>
Non-Operating Receipts	
Miscellaneous Receipts	<u>224</u>
<i>Total Non-Operating Receipts</i>	<u>224</u>
<i>Net Change in Fund Cash Balances</i>	<u>(16,821)</u>
<i>Fund Cash Balances, January 1</i>	<u>639,499</u>
<i>Fund Cash Balances, December 31</i>	<u>\$622,678</u>

See accompanying notes to the basic financial statements.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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. Additionally, the Township contracts with the City of Dayton to provide emergency medical services to Dayton International Airport.

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

The Township participates in jointly governed organizations, joint ventures, and a public entity risk pool. Notes 7, 11, and 12 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 changes 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 The Road & Bridge 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, 2024

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

Fire District Fund The Fire District Fund receives property tax money and revenue generated by 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 (C) 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.

A summary of 2024 budgetary activity appears in Note 3.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 acquisition of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

Township employees earn sick and vacation time that can be used for time off. 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.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2024, distributions of \$24,672 are reflected as intergovernmental revenue in the OneOhio Special Revenue Fund (#2083) in the accompanying financial statements.

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:

Non-spendable The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, non-spendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the non-spendable 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.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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.

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 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,467,264	\$2,560,916	\$93,652
Special Revenue	12,403,743	11,457,071	(946,672)
Enterprise	791,961	769,143	(22,818)
Total	<u><u>\$15,662,968</u></u>	<u><u>\$14,787,130</u></u>	<u><u>(\$875,838)</u></u>

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,699,734	\$3,531,012	\$168,722
Special Revenue	20,069,940	17,202,385	2,867,555
Enterprise	985,949	966,908	19,041
Total	<u><u>\$24,755,623</u></u>	<u><u>\$21,700,305</u></u>	<u><u>\$3,055,318</u></u>

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:

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2024

	2024
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$9,697,562</u>
Total deposits	<u>9,697,562</u>
Money Market Mutual Funds	666,895
US Agency Securities	2,747,000
Negotiable Certificates of Deposit	5,347,635
Total investments	<u>8,761,530</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$18,459,092</u></u>

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, 2024, the Township is holding \$161,243 in unremitted employee payroll withholdings.

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%. 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 debt:

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Year	TIF – Township Bond	
	Principal	Interest
2025	\$40,103	\$4,111
2026	42,108	2,105
Totals	<u>\$82,211</u>	<u>\$6,216</u>

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:

- General liability;
- Automobile liability;
- Automobile physical damage;
- Public official's liability;
- Property and inland marine;
- Law enforcement liability;
- Fidelity and crime;
- Employment practices liability; and
- Cyber breach and liability

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

	2024
Cash and investments	\$32,822,076
Actuarial liabilities	\$12,568,762

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township Police Officers contributed 13 percent of their gross salaries and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2024.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Ohio Police and Fire Retirement System

Township certified full-time 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2024.

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 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2024.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in both the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent however a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2024, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Towne Center - Morris TIF	\$350,000	4.600%
TIF - Cloverleaf Road	\$936,930	4.220%
Bonds - Admin/Police		
Building	\$1,260,000	2-3.375%
Bond Refinance	\$190,000	2.300%
Total	<u>\$2,736,930</u>	

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 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.

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.

Amortization

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

Year Ending December 31:	Towne Center Morris TIF	TIF - Cloverleaf Road	TIF - Admin / Police Building	TIF - Harson Bond Refinance
2025	\$126,100	\$204,538	\$205,770	\$99,370
2026	126,040	202,575	205,820	97,185
2027	130,750	200,401	205,508	
2028		203,016	205,039	
2029		205,209	204,099	
2030-2031		48,910	404,575	
Total	<u>\$382,890</u>	<u>\$1,064,649</u>	<u>\$1,430,811</u>	<u>\$196,555</u>

Note 11 – 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.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 12 – 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 13 – 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	\$198,926	\$899,226	\$1,098,152
Total	<u>\$198,926</u>	<u>\$899,226</u>	<u>\$1,098,152</u>

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

Note 14 – Contingent Liabilities

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.

Note 15 – Restatement of Fund Balance

For 2024, the Township made an adjustment in the Special Revenue Funds to cancel a lost check in the amount of \$614. The Township also made an adjustment in the General and Special Revenue Funds to reallocate interest receipts as a result of a treasury review in the amount of \$9,906. The adjustments had the following effect on the financial statements in 2024

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2024

	General	Special Revenue	Capital Projects	Total
Fund Cash Balances, December 31, 2023	\$4,861,441	\$18,406,962	\$184,655	\$23,453,058
Restatement	(9,906)	10,520		614
Restated Fund Cash Balances, January 1, 2024	<u><u>\$4,851,535</u></u>	<u><u>\$18,417,482</u></u>	<u><u>\$184,655</u></u>	<u><u>\$23,453,672</u></u>

Butler Township
Montgomery County, Ohio

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$1,188,262	\$7,121,504		\$8,309,766
Charges for Services		597,367		597,367
Licenses, Permits and Fees	162,642	50,475		213,117
Fines and Forfeitures	9,928	425		10,353
Intergovernmental	851,106	1,291,765		2,142,871
Special Assessments	7,049	110,707		117,756
Earnings on Investments	171,712	12,320		184,032
Miscellaneous	17,238	167,588		184,826
<i>Total Cash Receipts</i>	<i>2,407,937</i>	<i>9,352,151</i>		<i>11,760,088</i>
Cash Disbursements				
Current:				
General Government	1,146,802	993,667		2,140,469
Public Safety		5,947,677		5,947,677
Public Works	19,084	1,356,330		1,375,414
Health		88,769		88,769
Other		397,048		397,048
Capital Outlay	53,104	759,352		812,456
Debt Service:				
Principal Retirement		495,000		495,000
Interest and Fiscal Charges		136,664		136,664
<i>Total Cash Disbursements</i>	<i>1,218,990</i>	<i>10,174,507</i>		<i>11,393,497</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>1,188,947</i>	<i>(822,356)</i>		<i>366,591</i>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets		64,072		64,072
Transfers In		725,000		725,000
Transfers Out	(725,000)			(725,000)
Advances In	44,214	250,000		294,214
Advances Out	(250,000)	(44,214)		(294,214)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(930,786)</i>	<i>994,858</i>		<i>64,072</i>
<i>Net Change in Fund Cash Balances</i>	<i>258,161</i>	<i>172,502</i>		<i>430,663</i>
<i>Fund Cash Balances, January 1, Restated</i>	<i>4,603,280</i>	<i>18,234,460</i>	<i>\$184,655</i>	<i>23,022,395</i>
<i>Fund Cash Balances, December 31</i>	<i>\$4,861,441</i>	<i>\$18,406,962</i>	<i>\$184,655</i>	<i>\$23,453,058</i>

See accompanying notes to the basic financial statements.

Butler Township
Montgomery County, Ohio

*Statement of Receipts, Disbursements
 and Change in Fund Balance (Regulatory Cash Basis)
 Proprietary Fund Type
 For the Year Ended December 31, 2023*

	Enterprise
Operating Cash Receipts	
Charges for Services	<u>\$758,008</u>
<i>Total Operating Cash Receipts</i>	<u>758,008</u>
Operating Cash Disbursements	
Salaries	67,467
Employee Fringe Benefits	17,445
Purchased Services	687,639
Supplies and Materials	<u>1,369</u>
<i>Total Operating Cash Disbursements</i>	<u>773,920</u>
<i>Operating Income (Loss)</i>	<u>(15,912)</u>
Non-Operating Receipts	
Miscellaneous Receipts	<u>115</u>
<i>Total Non-Operating Receipts</i>	<u>115</u>
<i>Net Change in Fund Cash Balances</i>	<u>(15,797)</u>
<i>Fund Cash Balances, January 1</i>	<u>655,296</u>
<i>Fund Cash Balances, December 31</i>	<u>\$639,499</u>

See accompanying notes to the basic financial statements.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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. Additionally, the Township contracts with the City of Dayton to provide emergency medical services to Dayton International Airport.

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

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 changes 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 The Road & Bridge 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, 2023

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

Fire District Fund The Fire District Fund receives property tax money and revenue generated by 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 (C) 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.

A summary of 2023 budgetary activity appears in Note 3.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 acquisition 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.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$11,941 are reflected as intergovernmental revenue in the OneOhio Special Revenue Fund (#2083) in the accompanying financial statements.

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:

Non-spendable The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, non-spendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the non-spendable 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.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

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 14.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,467,793	\$2,407,937	(\$59,856)
Special Revenue	10,368,632	10,141,223	(227,409)
Enterprise	869,310	758,123	(111,187)
Total	<u>\$13,705,735</u>	<u>\$13,307,283</u>	<u>(\$398,452)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,390,114	\$2,166,198	\$223,916
Special Revenue	12,861,682	10,726,194	2,135,488
Enterprise	1,023,601	957,931	65,670
Total	<u>\$16,275,397</u>	<u>\$13,850,323</u>	<u>\$2,425,074</u>

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:

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

	2023
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$15,629,377</u>
Total deposits	<u>15,629,377</u>
Money Market Mutual Funds	749,784
US Agency Securities	2,374,396
Negotiable Certificates of Deposit	5,339,000
Total investments	<u>8,463,180</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$24,092,557</u></u>

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, 2023, the Township is holding \$144,280 in unremitted employee payroll withholdings.

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%. 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 debt:

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Year	TIF – Township Bond	
	Principal	Interest
2024	\$38,193	\$6,020
2025	40,103	4,111
2026	42,108	2,105
Totals	<u>\$120,404</u>	<u>\$12,236</u>

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:

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

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

	2023
Cash and investments	\$33,494,457
Actuarial liabilities	\$10,885,549

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township Police Officers contributed 13 percent of their gross salaries and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Ohio Police and Fire Retirement System

Township certified full-time 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2023.

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 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in both the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent however a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Towne Center - Morris TIF	\$455,000	4.600%
TIF - Cloverleaf Road	\$1,091,930	4.220%
Bonds - Admin/Police		
Building	\$1,420,000	2-3.375%
Bond Refinance	\$280,000	2.300%
Total	<u>\$3,246,930</u>	

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 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.

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.

Amortization

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

Year Ending December 31:	Towne Center Morris TIF	TIF - Cloverleaf Road	TIF - Admin / Police Building	TIF - Harson Bond Refinance
2024	\$125,930	\$201,079	\$205,570	\$96,440
2025	126,100	204,538	205,770	99,370
2026	126,040	202,575	205,820	97,185
2027	130,750	200,401	205,507	
2028		203,016	205,039	
2029-2031		254,120	608,674	
Total	<u>\$508,820</u>	<u>\$1,265,729</u>	<u>\$1,636,380</u>	<u>\$292,995</u>

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 this matter 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, 2023

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 – 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 un-expendable 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	Special		
	General	Revenue	Total
Outstanding Encumbrances	<u>\$222,208</u>	<u>\$551,689</u>	<u>\$773,897</u>
Total	<u><u>\$222,208</u></u>	<u><u>\$551,689</u></u>	<u><u>\$773,897</u></u>

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

Note 15 – Restatement of Fund Balance

For 2023, the Township made an adjustment in the Special Revenue Funds to cancel a lost check in the amount of \$26. The adjustments had the following effect on the financial statements in 2023.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2023

	General	Special Revenue	Capital Projects	Total
Fund Cash Balances, December 31, 2022	\$4,603,280	\$18,234,434	\$184,655	\$23,022,369
Restatement		26		26
Restated Fund Cash Balances, January 1, 2023	<u>\$4,603,280</u>	<u>\$18,234,460</u>	<u>\$184,655</u>	<u>\$23,022,395</u>

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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 Trustees:

We have audited, in accordance with the 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 (*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 years ended December 31, 2024 and 2023 and the related notes to the financial statements of Butler Township, Montgomery County, Ohio (the Township) and have issued our report thereon dated December 17, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit and the Township restated its beginning balances. Additionally, we qualified our opinion on the 2023 Special Revenue Fund charges for services receipts due to insufficient appropriate audit evidence.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Butler Township
Montgomery County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Township Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 17, 2025

**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2024 AND 2023**

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

FINDING NUMBER 2024-001

Material Weakness – Financial Statement Errors

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 lack of controls over the preparation of the financial statements, the Township's annual financial reports for fiscal years 2024 and 2023 contained the following errors which were material and therefore adjusted on the basic financial statements:

- 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 2024 and 2023, 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, January 1 and December 31 Fund Cash Balances were both overstated by \$771,494 in the Fire Capital Reserve (Capital Projects) Fund for 2024 and 2023. Additionally, January 1 and December 31 Fund Cash Balances were both understated by \$771,494 in the Fire District (Special Revenue) Fund for 2024 and 2023.

The Township should establish and implement procedures to verify the accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. 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 acknowledges the finding related to the improper mapping of the Fire Capital Reserve (Capital Projects) Fund to the Fire District (Special Revenue) Fund during financial statement preparation for fiscal years 2023 and 2024. The error was identified during the audit process and corrected in the audited financial statements. To prevent future occurrences, the Township will perform enhanced year-end review procedures, including verification of fund classifications, fund mappings, and beginning and ending fund balances, as well as increased review during the preparation of annual financial statements.

FINDING NUMBER 2024-002

Material Weakness – Charges for Services Revenue

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The Township has outsourced emergency medical services (EMS) billings, which is a significant accounting function, to a third-party administrator. The Township has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reasonably assure that EMS billings have been authorized and completely and accurately processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations.

FINDING NUMBER 2024-002
(Continued)

An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Township with reasonable assurance that EMS billings conform to the contract.

The Township charged for EMS services during 2023 generating revenues totaling \$597,367 to support its operations. The Township utilized a service organization, Change Healthcare, for collection of the revenue however a Type 2 SOC 1 Report for 2023 was not available. We were unable to perform a detail test over the revenue due to the Township being unable to provide sufficient documentation to do so. As a result, completeness and accuracy of receipts could not be determined which has resulted in a qualified audit opinion regarding the Township's charges for services receipts.

Failure to ensure adequate controls are in place and operating effectively could result in errors occurring without detection. In addition, failure to maintain adequate supporting documentation can result in errors or irregularities and increases the risk of theft or loss of funds without timely detection by management.

The Township should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the Township with a Type 2 SOC 1 report, the Township should contract with a third-party administrator that will provide this report. The Township should develop and implement procedures to verify the completeness and accuracy of EMS charges for services revenue. The Township should maintain supporting documentation for all EMS runs to verify the total collections are accurate and complete based on the reported collections from their service organization. Discrepancies should be reviewed and investigated by management in a timely manner.

Officials' Response

The Township acknowledges the finding related to EMS charges for services revenue and the resulting limitation on audit procedures. During 2023 through June 2024, EMS billing services were provided by Change Healthcare/Optum, which experienced a significant cyber-attack in February 2024 that disrupted its ability to process EMS billings and provide access to historical records, followed by a termination of services and lack of communication despite repeated attempts by the Township to obtain documentation. In response, the Township entered into a new agreement with Medicount effective May 1, 2024, and has implemented procedures to strengthen oversight of third-party billing services, including maintaining supporting documentation locally, performing reconciliations of EMS runs to billings and collections, and ensuring adequate controls are in place.



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Gregory A. Brush
Fiscal Officer

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Township Administrator

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2024 AND 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material Weakness – Financial Statement Errors	Uncorrected	Repeated as Finding 2024-001

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 1/13/2026

65 East State 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