

Butler Township

Darke County

January 1, 2008 through December 31, 2009

Years Audited Under GAGAS: 2008 and 2009

**CAUDILL & ASSOCIATES, CPA'S**

725 5<sup>TH</sup> Street

Portsmouth, OH 45662





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Butler Township  
4060 Grubs Rex Road  
Arcanum, Ohio 45304

We have reviewed the *Independent Auditor's Report* of Butler Township, Darke County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Butler Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 20, 2010

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**Butler Township**  
**Darke County**  
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*For the Years Ended December 31, 2009 and 2008*

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### Independent Auditor's Report

Butler Township  
Darke County  
4060 Grubbs-Rex Road  
Arcanum, Ohio 45304

To the Township Board of Trustees:

We have audited the accompanying financial statements of Butler Township, Darke County, (the Township) as of and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Butler Township, Darke County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Butler Township  
Darke County

Independent Auditor's Report (continued)

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's  
June 22, 2010

**Butler Township**  
**Darke County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2009*

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 42,323	\$ 93,494	\$ 135,817
Fines, Licenses and Permits	-	6,007	6,007
Intergovernmental	64,213	89,447	153,660
Earnings on Investments	2,074	98	2,172
Miscellaneous	828	1,375	2,203
	<u>109,438</u>	<u>190,421</u>	<u>299,859</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
General Government	64,936	880	65,816
Public Safety	-	47,947	47,947
Public Works	-	93,279	93,279
Public Health	7,662	27,912	35,574
	<u>72,598</u>	<u>170,018</u>	<u>242,616</u>
Total Receipts Over Disbursements	36,840	20,403	57,243
Fund Cash Balances, January 1	<u>80,776</u>	<u>86,710</u>	<u>167,486</u>
Fund Cash Balances, December 31	<u>\$ 117,616</u>	<u>\$ 107,113</u>	<u>\$ 224,729</u>
Reserve for Encumbrances, December 31	<u>\$ 234</u>	<u>\$ -</u>	<u>\$ 234</u>

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



**Butler Township**  
**Darke County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2008*

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 39,755	\$ 75,834	\$ 115,589
Fines, Licenses and Permits	-	3,177	3,177
Intergovernmental	30,958	112,488	143,446
Earnings on Investments	2,892	303	3,195
Miscellaneous	1,512	500	2,012
<b>Total Cash Receipts</b>	<u>75,117</u>	<u>192,302</u>	<u>267,419</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
General Government	77,417	4,738	82,155
Public Safety	-	40,734	40,734
Public Works	-	118,088	118,088
Public Health	3,813	6,152	9,965
<b>Total Cash Disbursements</b>	<u>81,230</u>	<u>169,712</u>	<u>250,942</u>
<b>Total Receipts Over Disbursements</b>	(6,113)	22,590	16,477
Fund Cash Balances, January 1 (Restated, Note 8)	<u>86,889</u>	<u>64,120</u>	<u>151,009</u>
Fund Cash Balances, December 31	<u>\$ 80,776</u>	<u>\$ 86,710</u>	<u>\$ 167,486</u>

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

**Butler Township**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 1 – Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Butler Township, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, including street maintenance and fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. 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 adequately disclose material matters, as the Auditor of State prescribes or permits.

**C. Cash Deposits**

The Township's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Township reports gains or losses at the time of sale 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds of 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:

*Motor Vehicle License Tax Fund* – This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

*Gasoline Tax Fund* - This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

**2. Special Revenue Funds (continued)**

*Fire District Fund* - This fund receives the proceeds from a property tax levy to pay for fire protection services contracted through New Madison Fire Department and the Village of West Manchester.

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

*Permissive Motor Vehicle Tax Fund* – This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

*Cemetery Fund* – This fund receives the proceeds from cemetery operations.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**2. 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 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 carried over and need not be reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**Butler Township**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 2 – Equity in Pooled Cash and Investments**

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

	2009	2008
Demand Deposits	\$224,729	\$167,486

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution’s public entity deposit pool.

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,236	\$109,438	\$34,202
Special Revenue	192,212	190,421	(1,791)
Total	\$267,448	\$299,859	\$32,411

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,661	\$72,832	\$12,829
Special Revenue	252,439	170,018	82,421
Total	\$338,100	\$242,850	\$95,250

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$156,177	\$75,117	\$(81,060)
Special Revenue	226,978	192,302	(34,676)
Total	\$383,155	\$267,419	\$(115,736)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,890	\$81,230	\$11,660
Special Revenue	247,224	169,712	77,512
Total	\$340,114	\$250,942	\$89,172

**Butler Township**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 4 - Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

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.

**Note 5 – Retirement Systems**

The Township's officials and 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 post-retirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**Note 6 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. APEEP provides supplemental risk coverage for claims exceeding OTARMA claims coverage.

*Casualty Coverage*

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the OTARMA Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust APEEP's retained earnings, APEEP provides "excess of funds available" coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

**Butler Township**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 6 – Risk Management (continued)**

*Property Coverage*

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

*Financial Position*

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	12,981,818	13,357,837
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and net assets above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2009	\$2,686
2008	\$3,406
2007	\$3,400

**Butler Township**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 6 – Risk Management (continued)**

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 – Compliance**

Contrary to Ohio Revised Code Section 5705.36, the Township did not request amended certificates upon determination the revenue to be collected by the Township will less than the amount included in the official certificate of estimated resources.

**Note 8 – Restatement of Prior Year Fund Balance**

During the prior audit period, the Township was cited for noncompliance with Ohio Revised Code Section 505.24(c) and OAG Opinion 2004-036, which requires Township trustees to establish administrative procedures to document the proportionate amount chargeable to other Township funds based on the kinds of services rendered. The Township failed to post the proposed audit adjustment to reclassify trustee salaries charged to special revenue funds after seeking the legal opinion of the Darke County Prosecutor. The Township’s 2007 ending cash balances reflect the proposed adjustment. The following adjustment is necessary to restate the Township’s beginning fund balances.

Fund Type	2008 Beginning Cash Balance	Cash Balance Restatement	2008 Beginning Cash Balance as Restated
General	\$48,628	\$38,261	\$86,889
Special Revenue	102,381	(38,261)	64,120
Total	\$151,009	\$-	\$151,009



## Caudill & Associates, CPA's

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Kentucky Society of Certified Public Accountants

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Butler Township  
Darke County  
4060 Grubbs-Rex Road  
Arcanum, Ohio 45304

To the Township Board of Trustees:

We have audited the financial statements of Butler Township, Darke, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 22, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-002 to be a significant deficiency. 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.



Butler Township  
Darke County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 22, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.

*Caudill & Associates, CPAs*

Caudill & Associates, CPA's  
June 22, 2010

**Butler Township**  
**Darke County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2009 and 2008*

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<b>Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS</b>
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**Finding Number 2009-001**

**Noncompliance Citation – Ohio Revised Code Section 5705.36**

Ohio Revised Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

5705.36 (A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue.

5705.36 (A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During 2009 and 2008, appropriations exceeded resources available in several funds and no amendments to the official certificate of available resources were filed.

We recommend the Township monitor budgetary financial reports throughout the year and amend estimated resources, as needed, by resolution.

**Township Response:**

The Township will follow the auditor's recommendation.

**Butler Township**  
**Darke County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2009 and 2008*

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<b>Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS</b>
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**Finding Number 2009-002**

**Significant Deficiency – Checks Out of Sequence**

During disbursement testing, we noted 120 instances of voided checks and 73 instances of manual checks which caused the Township checks to become out of sequence and not correspond to accounting ledgers and bank statements.

To strengthen internal control and to more accurately reflect the financial activity of the Township throughout each fiscal year, the following should be implemented:

- Numerical control over the checks should be established to assist the Township in the reconciliation process and to prevent misappropriation of funds;
- Procedures should be established to limit the number of voided checks;
- A payment register of general and payroll ledger checks should be provided to the Township Trustees and agreed to the checks before they are approved to prevent different amounts recorded to the system than the check amounts issued; and
- To reduce the chance of error from issuing manual checks, the Township should utilize their UAN accounting system check printing feature to further ensure that check amounts agree to the accounting system.

**Township Response:**

The Township will try harder to pay attention to the type of paper in the printer prior to printing reports and checks and ensure any computer issues are properly addressed.

**Butler Township**  
**Darke County**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2009 and 2008*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2007-001	Ohio Revised Code Section 505.24 (C) and OAG Opinion 2004-036	Yes	N/A
2007-002	Ohio Revised Code Section 505.60 and 506.601	Yes	N/A
2007-003	Ohio Revised Code Section 5705.41 (B)	Yes	N/A
2007-004	Ohio Revised Code Section 5705.40	Yes	N/A
2007-005	Significant Deficiency – Revenue classification.	Yes	N/A
2007-006	Significant Deficiency – Budgetary Information	Yes	N/A



**Mary Taylor, CPA**  
Auditor of State

**BUTLER TOWNSHIP**

**DARKE 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 4, 2010**