

**BUTLER TOWNSHIP**

**RICHLAND COUNTY**

**INDEPENDENT ACCOUNTANTS' REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND DECEMBER 31, 2010**

Varney, Fink & Associates, Inc.  
Certified Public Accountants





# Dave Yost • Auditor of State

Board of Trustees  
Butler Township  
8256 Olivesburg Fitchville Rd.  
Greenwich, Ohio 44837-9600

We have reviewed the *Independent Accountants' Report* of Butler Township, Richland County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. 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 Accountants' 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 Accountants' 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.

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

Dave Yost  
Auditor of State

November 6, 2012

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**BUTLER TOWNSHIP  
RICHLAND COUNTY  
FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND DECEMBER 31, 2010**

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**INDEPENDENT ACCOUNTANTS' REPORT**

Butler Township  
Richland County  
8256 Olivesburg Fitchville Rd.  
Greenwich, OH 44837-9600

To the Board of Trustees:

We have audited the accompanying financial statements of Butler Township, Richland County, (the Township) as of and for the years ended December 31, 2011 and 2010. 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 1B, 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of Butler Township, Richland County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1B describes.

As described in Note 1F, during 2010 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012, 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.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

August 31, 2012



**Bulter Township**  
**Richland County**  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2011**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$32,123	\$80,816	\$0	\$112,939
Licenses, Permits and Fees	130,103	650	42,016	172,769
Intergovernmental	36,966	97,047	0	134,013
Earnings on Investments	606	100	0	706
Miscellaneous	31,567	1,657	0	33,224
<i>Total Cash Receipts</i>	<u>231,365</u>	<u>180,270</u>	<u>42,016</u>	<u>453,651</u>
<b>Cash Disbursements</b>				
Current:				
Public Safety	42,182	0	0	42,182
Public Health	7,157	1,036	0	8,193
Public Works	0	247,165	0	247,165
General Government	108,805	0	0	108,805
Capital Outlay	7,136	0	0	7,136
Debt Service:				
Redemption of Principal	0	0	37,094	37,094
Interest and Other Fiscal Charges	0	0	3,333	3,333
<i>Total Cash Disbursements</i>	<u>165,280</u>	<u>248,201</u>	<u>40,427</u>	<u>453,908</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>66,085</u>	<u>(67,931)</u>	<u>1,589</u>	<u>(257)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	3,506	3,506
Advances In	0	25,000	0	25,000
Transfers Out	(3,506)	0	0	(3,506)
Advances Out	(25,000)	0	0	(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(28,506)</u>	<u>25,000</u>	<u>3,506</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	37,579	(42,931)	5,095	(257)
<i>Fund Cash Balances, January 1</i>	<u>262,960</u>	<u>174,106</u>	<u>3,419</u>	<u>440,485</u>
<b>Fund Cash Balances , December 31</b>				
Restricted	0	131,175	0	131,175
Assigned	0	0	8,514	8,514
Unassigned	300,539	0	0	300,539
<i>Fund Cash Balances , December 31</i>	<u>\$300,539</u>	<u>\$131,175</u>	<u>\$8,514</u>	<u>\$440,228</u>

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

**Butler Township**  
**Richland County**  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2010**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$32,875	\$84,167	\$0	\$117,042
Licenses, Permits and Fees	137,802	1,250	0	139,052
Intergovernmental	28,851	99,539	0	128,390
Earnings on Investments	539	105	0	644
Miscellaneous	24,670	2,104	0	26,774
<i>Total Cash Receipts</i>	<u>224,737</u>	<u>187,165</u>	<u>0</u>	<u>411,902</u>
<b>Cash Disbursements</b>				
Current:				
Public Safety	36,136	0	0	36,136
Public Health	6,702	1,650	0	8,352
Public Works	0	185,935	0	185,935
General Government	82,125	0	0	82,125
Capital Outlay	142,445	0	0	142,445
<i>Total Cash Disbursements</i>	<u>267,408</u>	<u>187,585</u>	<u>0</u>	<u>454,993</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(42,671)</u>	<u>(420)</u>	<u>0</u>	<u>(43,091)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Bonds	118,194	0	0	118,194
Transfers In	0	0	3,419	3,419
Transfers Out	(3,419)	0	0	(3,419)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>114,775</u>	<u>0</u>	<u>3,419</u>	<u>118,194</u>
<i>Net Change in Fund Cash Balances</i>	72,104	(420)	3,419	75,103
<i>Fund Cash Balances, January 1</i>	<u>190,856</u>	<u>174,526</u>	<u>0</u>	<u>365,382</u>
<b>Fund Cash Balances , December 31</b>				
Restricted	0	174,106	0	174,106
Assigned	2,000	0	3,419	5,419
Unassigned	260,960	0	0	260,960
<i>Fund Cash Balances, December 31</i>	<u>\$262,960</u>	<u>\$174,106</u>	<u>\$3,419</u>	<u>\$440,485</u>

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

BUTLER TOWNSHIP  
RICHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND DECEMBER 31, 2010

**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, Richland 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, and cemetery maintenance. The Township contracts with the C.B. & S. Joint Fire District to provide fire services and the Savannah volunteer Fire Company to provide EMS services.

The Township participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. 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.

**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.

BUTLER TOWNSHIP  
RICHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND DECEMBER 31, 2010

**1. Summary of Significant Accounting Policies (continued)**

**2. Special Revenue Funds**

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

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

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

Permissive Sales Tax Fund – This fund receives permissive sales tax money to pay for constructing, maintaining, and repairing Township roads and bridges.

**3. Debt Service Fund**

This fund accounts for resources the Township accumulates to pay bond and note debt. The Township's only debt service fund is the General Bond Retirement Fund which is used to accumulate resources for the payment of principal and interest on 2010 Equipment Acquisition Bonds of the Township.

**E. Budgetary Process**

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

**1. Appropriations**

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

BUTLER TOWNSHIP  
RICHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND DECEMBER 31, 2010

**1. Summary of Significant Accounting Policies (continued)**

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. 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.

BUTLER TOWNSHIP  
 RICHLAND COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2011 AND DECEMBER 31, 2010

**1. Summary of Significant Accounting Policies (continued)**

**G. 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.

**H. 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.

**2. Equity in Pooled Deposits and Investments**

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

	2011	2010
Demand deposits	\$440,228	\$440,485

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$170,000	\$231,365	\$61,365
Special Revenue	183,500	205,270	21,770
Debt Service	37,100	45,522	8,422
Total	\$390,600	\$482,157	\$91,557

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$207,300	\$193,786	\$13,514
Special Revenue	295,304	248,994	46,310
Debt Service	40,450	40,427	23
Total	\$543,054	\$483,207	\$59,847

BUTLER TOWNSHIP  
 RICHLAND COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2011 AND DECEMBER 31, 2010

**3. Budgetary Activity (continued)**

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$180,000	\$342,931	\$162,931
Special Revenue	181,000	187,165	6,165
Debt Service	0	3,419	3,419
Total	\$361,000	\$533,515	\$172,515

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$300,412	\$272,827	\$27,585
Special Revenue	294,123	188,914	105,209
Debt Service	0	0	0
Total	\$594,535	\$461,741	\$132,794

**4. Property Tax**

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 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.

**5. Debt**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$81,100	3.30%

The Township issued general obligation bonds to finance the purchase of an articulated wheel loader for Township road maintenance. The Board of Trustees authorized tipping fees to be credited to the Debt Service fund until the bonds are paid off. The Township's taxing authority collateralized the bonds.

BUTLER TOWNSHIP  
 RICHLAND COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2011 AND DECEMBER 31, 2010

**5. Debt (continued)**

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

Year ending December 31:	General Obligation Bonds
2012	\$40,308
2013	40,320
2014	3,410
	\$84,038

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, 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, 2011.

**7. Risk Management**

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the



BUTLER TOWNSHIP  
 RICHLAND COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2011 AND DECEMBER 31, 2010

**7. Risk Management (continued)**

member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. Subsequent Events**

Subsequent events were evaluated by management through August 31, 2012, the date the financial statements were available to be issued.

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

Butler Township  
Richland County  
8256 Olivesburg Fitchville Road  
Greenwich, Ohio 44837

To the Board of Trustees:

We have audited the financial statements of Butler Township, Richland County, (the Township) as of and for the years ended December 31, 2011 and December 31, 2010, and have issued our report thereon dated August 31, 2012 wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principals. 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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting 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.

**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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 31, 2012.

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

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

August 31, 2012



# Dave Yost • Auditor of State

**BUTLER TOWNSHIP**

**RICHLAND 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 20, 2012**