

Auditor's Annual Financial Report

Year Ended 2023

Butler County, Ohio

Nancy NIX
Butler County Auditor (CPA)

Prepared by the Finance Department of the Butler County Auditor's Office

Auditor's Annual Financial Report

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We are pleased to continue with our long tradition of financial reporting excellence. For the fiscal year ended December 31, 2023, our office is providing the public with County financial information in a little different format. This publication, the Auditor's Annual Financial Report (AAFR), includes a brief analysis of where County revenues come from and where those dollars are spent.

My thanks to Finance Director Jill Cole and Senior Accountant Lynnette Cameron for their work compiling this information and presenting it in a way that provides the necessary detail while not being overly complicated.

As you review our AAFR for 2023, please share any comments, questions, or recommendations you may have for me or the Auditor's Office. I serve the people of Butler County and will do so with the priorities of honesty, transparency, and outreach.

Sincerely,



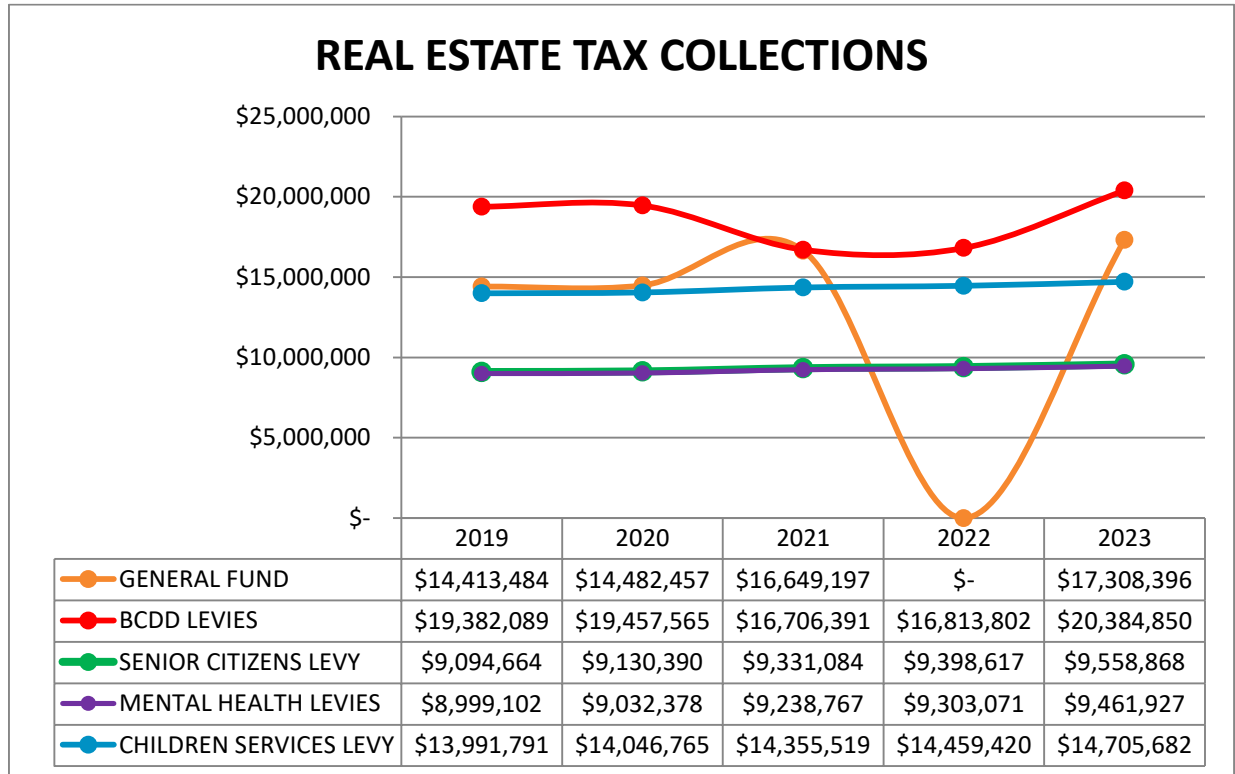
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Real Estate Tax Collections

Butler County has both voted and unvoted real estate tax collections. The County General Fund, the basic operating fund of the County, receives unvoted or inside millage tax dollars based on the Ohio Constitution. The remaining levies listed below are voted on or are considered outside millage.



The County General Fund's real estate tax collections have increased steadily since 2018 as property values have increased. As a result, the Butler County Commissioners voted to suspend General Fund tax collections in 2022, temporarily reducing taxes for property owners. While general fund tax collections resumed 2023, the Commissioners recently announced plans for a second reduction in General Fund taxes. The new reduction will cut inside millage by .44 mills to 1.48 mills for 2024 property taxes, once again saving taxpayers money.

Butler County Developmental Disabilities (BCDD) levy collections have increased slightly each year as the County continues to grow. In 2021 and 2022 collections were reduced due to a voluntary reduction in tax rates by the County Board of Developmental Disabilities working in conjunction with the Board of County Commissioners. This reduction provided tax savings for County homeowners for two years.

The remaining Senior Citizens, Mental Health, and Children Services levies saw steady increases over the past five years. These increases are due to continued growth in the County.

For more information about Butler County's real estate taxes, please visit the Real Estate page of the Butler County Auditor's website. Homeowners can use the Property Record Search tool to view tax information for their specific property.

Voted Levy Funds

Butler County currently has six levies that are outside millage (voted). These levies are for Development Disabilities, Senior Citizens, Mental Health, and Children Services.

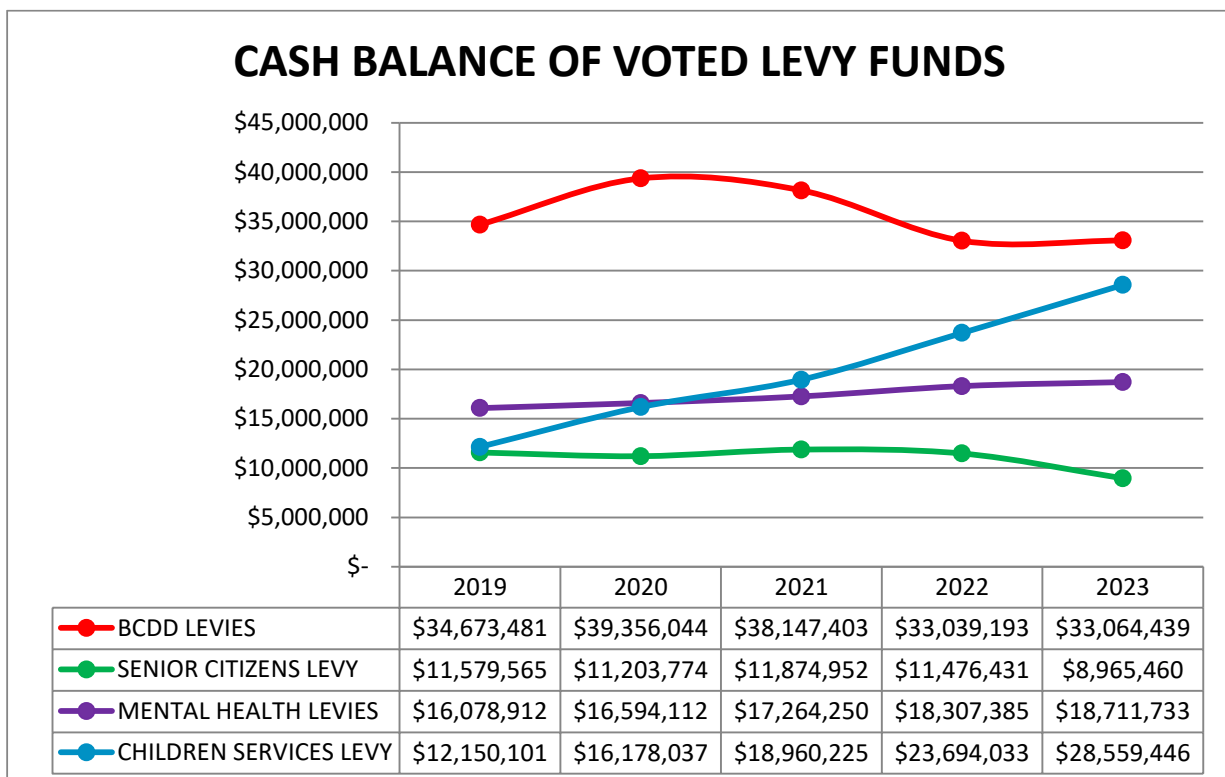
Developmental Disabilities Levies – Butler County Developmental Disabilities (BCDD) currently has two levies, one for 1.5 mills and one for 1.0 mill. Both of these levies are “continuing” levies which means they will run forever. The money collected from these levies is used to provide services to local citizens with developmental disabilities.

Senior Citizens Levy – Butler County currently has one 1.3 mill levy for senior services. This levy funds over 90% of the County’s Elderly Services Program (ESP). It was renewed in November 2020 for five years. The money collected from this levy is used to provide transportation and housekeeping services for qualifying seniors. It also helps fund the Meals on Wheels program which provides thousands of home-delivered meals to eligible seniors throughout the County.

Mental Health Levies – Butler County currently has two levies for mental health services. The first is a .5 mill levy that was originally passed in 1985 and renewed for ten years in 2014. The second is a 1.0 mill levy that was renewed in 2020 for five years. The money collected from these levies is used to provide various mental health services.

Children Services Levy – Butler County Children Services currently has one 2.0 mill levy. It was renewed in 2022 for five years. The money collected from this levy is used to provide various services that protect children and address the needs of children in adoptive/foster care.

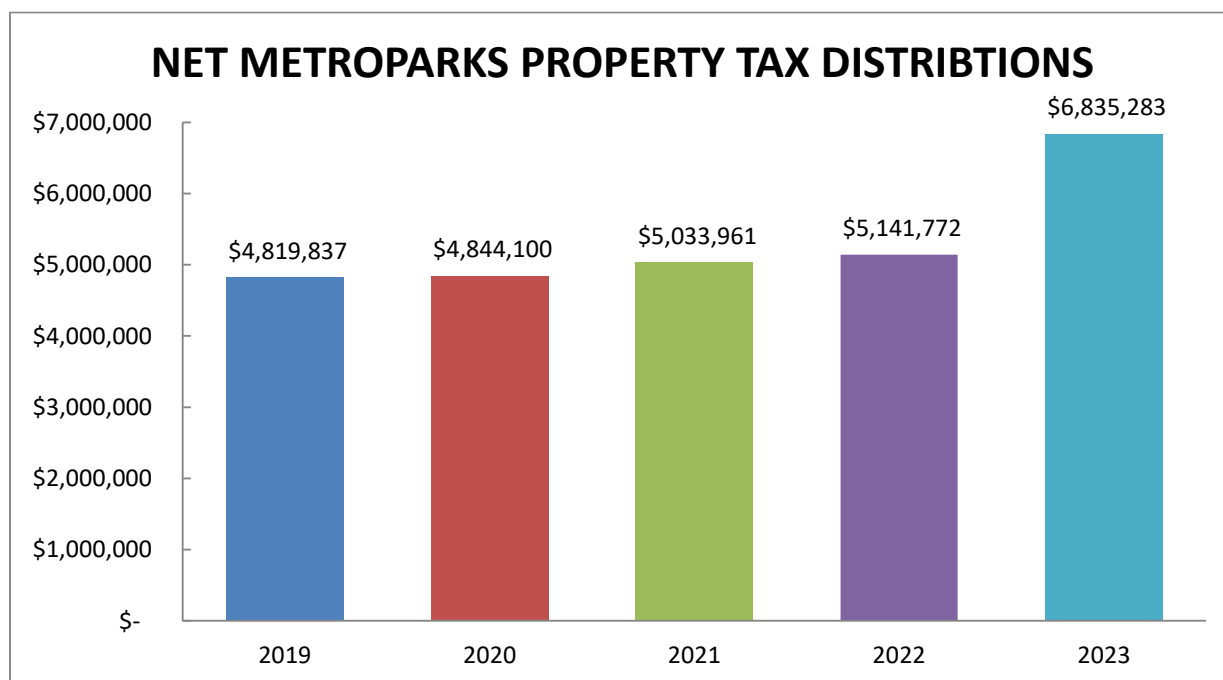
The cash balances of the levied funds vary from year-to-year. In 2021 and 2022, the Board of Developmental Disabilities approved a temporary reduction in their tax rates. This decreased the amount of real estate taxes paid by County homeowners for those levies and caused a decreased in that fund’s cash balance.



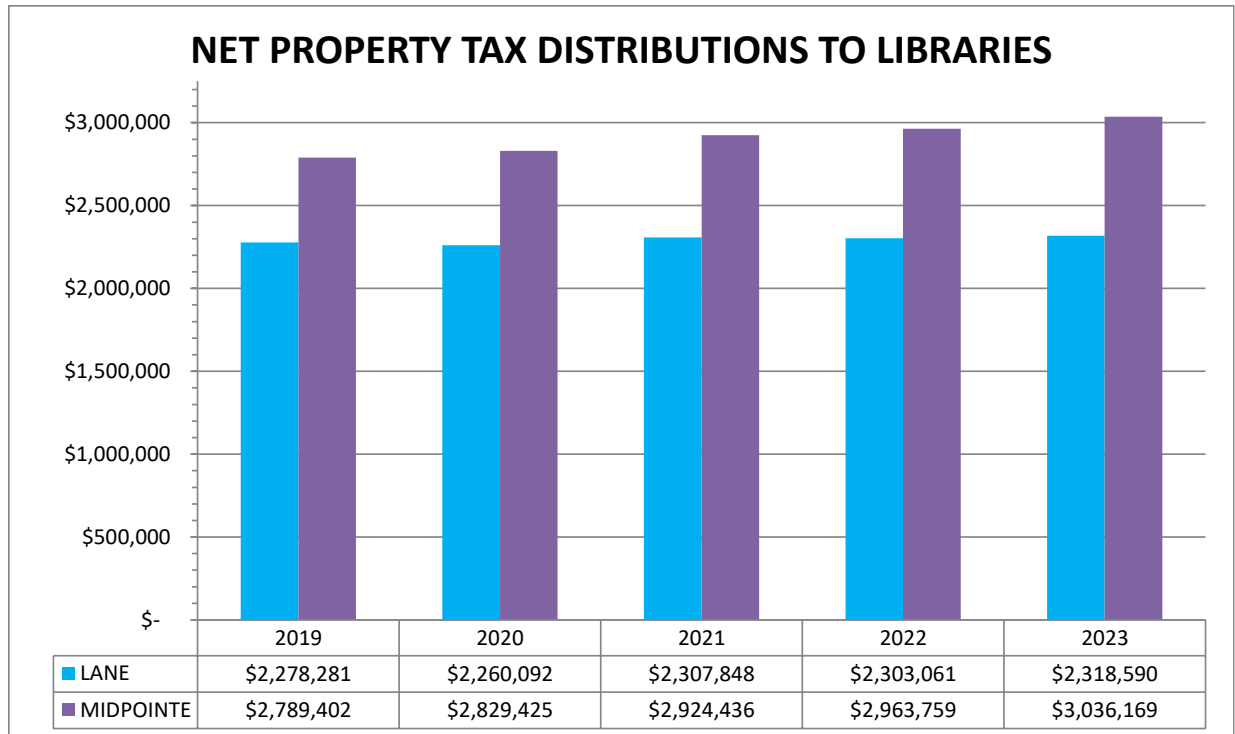
Property Tax Distributions

Outside of real estate taxes levied by the County, Butler County property owners may pay real estate tax levied by other entities, such as school districts or local fire departments. The exact levies paid by each individual will vary depending on the taxing district their property is located in. However, all property owners pay levies to MetroParks of Butler County and either the Lane Public Library or MidPointe Library System.

MetroParks of Butler County currently has a .70 mill six year renewal levy. This levy was approved by voters in 2021 and it replaced the previous .50 mill six year levy that expired in December of 2022. The current levy will expire with tax year 2027 (to be collected in 2028) and is expected to generate approximately \$6.8 million in revenue each year. In the last five years, the County has dispersed over \$26.6 million in property tax collections to MetroParks. These funds are used to help support MetroParks' general operations and to maintain and improve existing parks. As of 2023, this includes fourteen parks spanning approximately 5,000 acres across Butler County. For more information about MetroParks of Butler County, please visit their website.

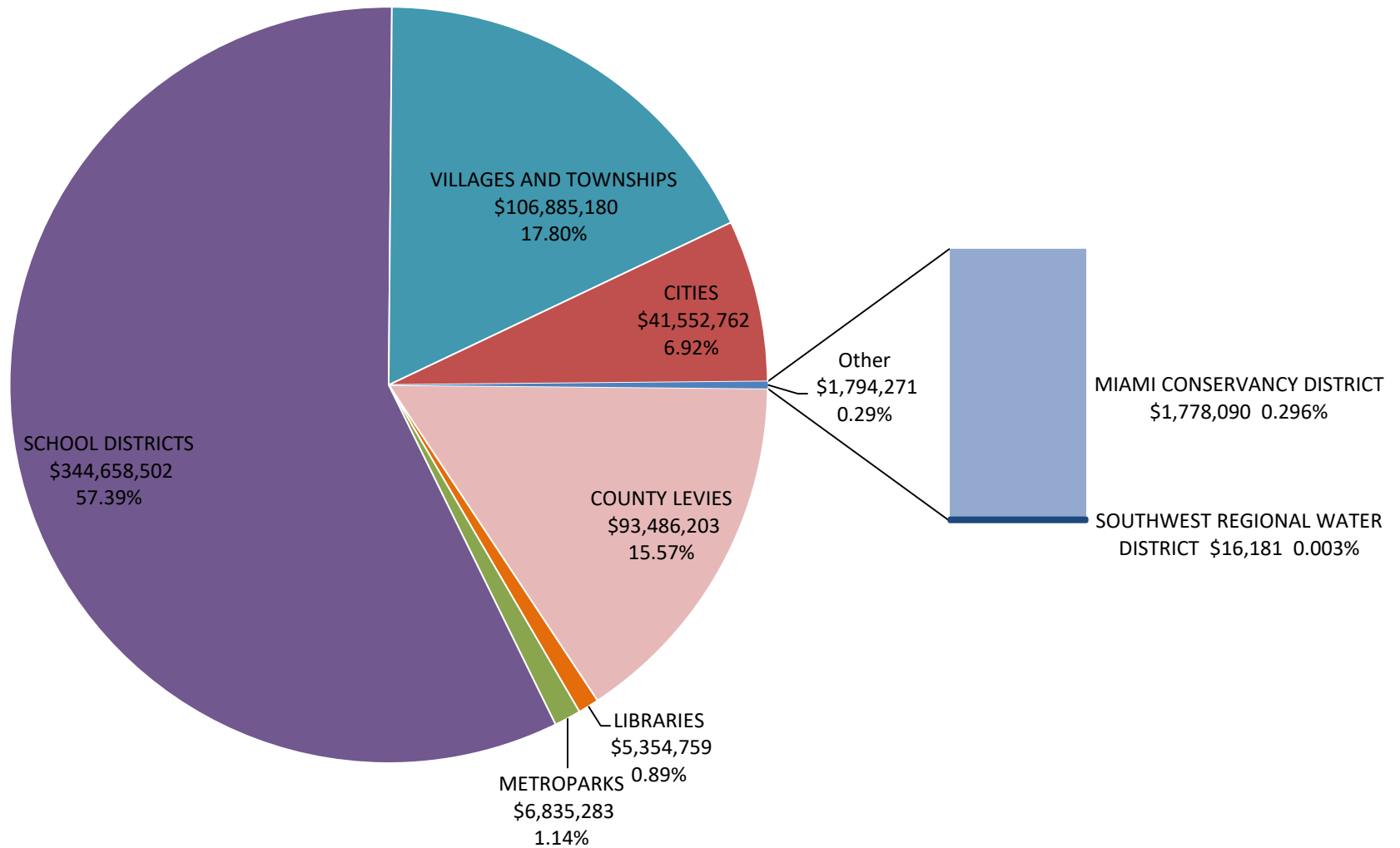


Butler County homeowners pay one of two library levies depending on the location of their property. Lane Public Library, in Hamilton, has a .75 mill ten year renewal levy. This levy was approved by voters in 2015. MidPointe Library System, in Middletown, has a .75 mill five year renewal levy. This levy was approved by voters in 2020. Both libraries' levies are set to expire with tax year 2024 (to be collected in 2025). Levy funds provide a substantial portion of the libraries' budget and are used for building construction and improvement, operations, maintenance, and other expenses incurred by the libraries and their branches. In the last five years, the County has disbursed over \$26 million, or just over \$5 million a year, in property tax collections to the libraries.



In addition to the levies previously described, county property owners may pay additional real estate tax levies for area schools or local municipalities depending on where their property is located. Real estate taxes are paid a year in arrears, meaning taxes for the previous year are collected during the current year. Taxes are due twice a year, typically in late February and early August, and are collected by the Butler County Treasurer's office. The Auditor's Office then runs a settlement process to determine the amount of taxes received for each levy and from that, the portion of collections belonging to each entity. The net amount due to each entity, less any applicable fees or adjustments, is then disbursed to them. Below is a breakdown of property tax disbursements made in 2023 by entity type. For more information about real estate taxes or the levies assessed against an individual property, please visit the Real Estate section of the Butler County Auditor's webpage.

2023 NET PROPERTY TAX DISTRIBUTIONS

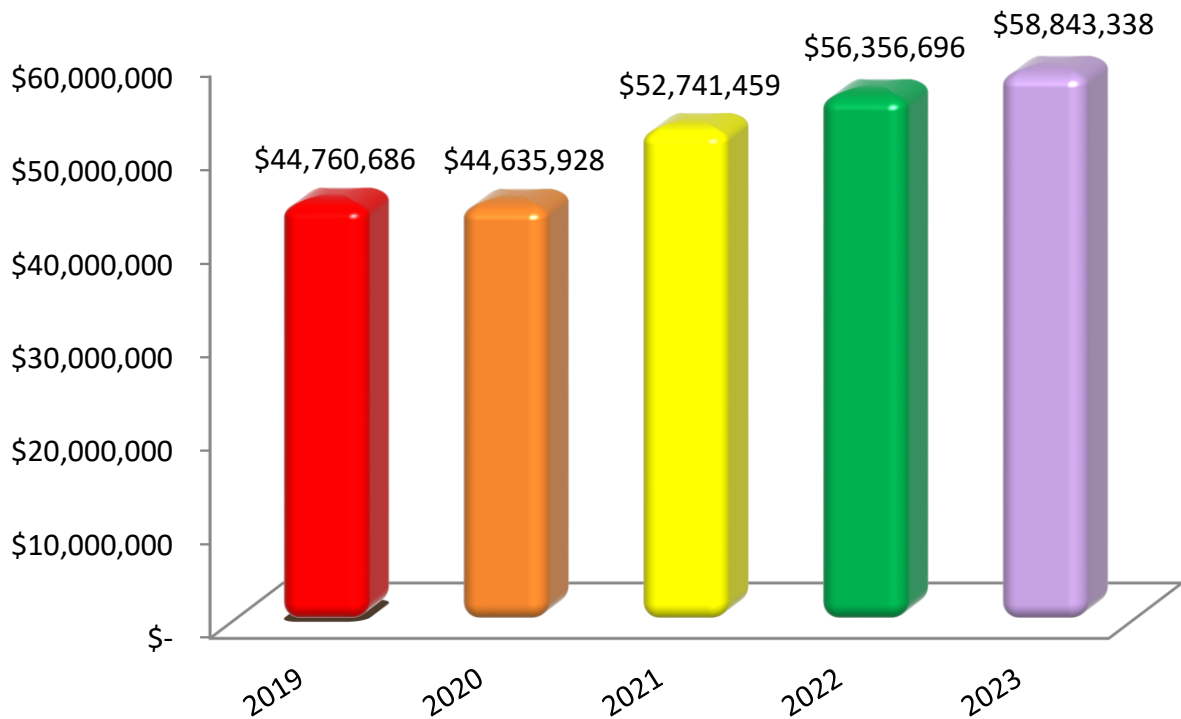


Permissive Sales and Use Tax

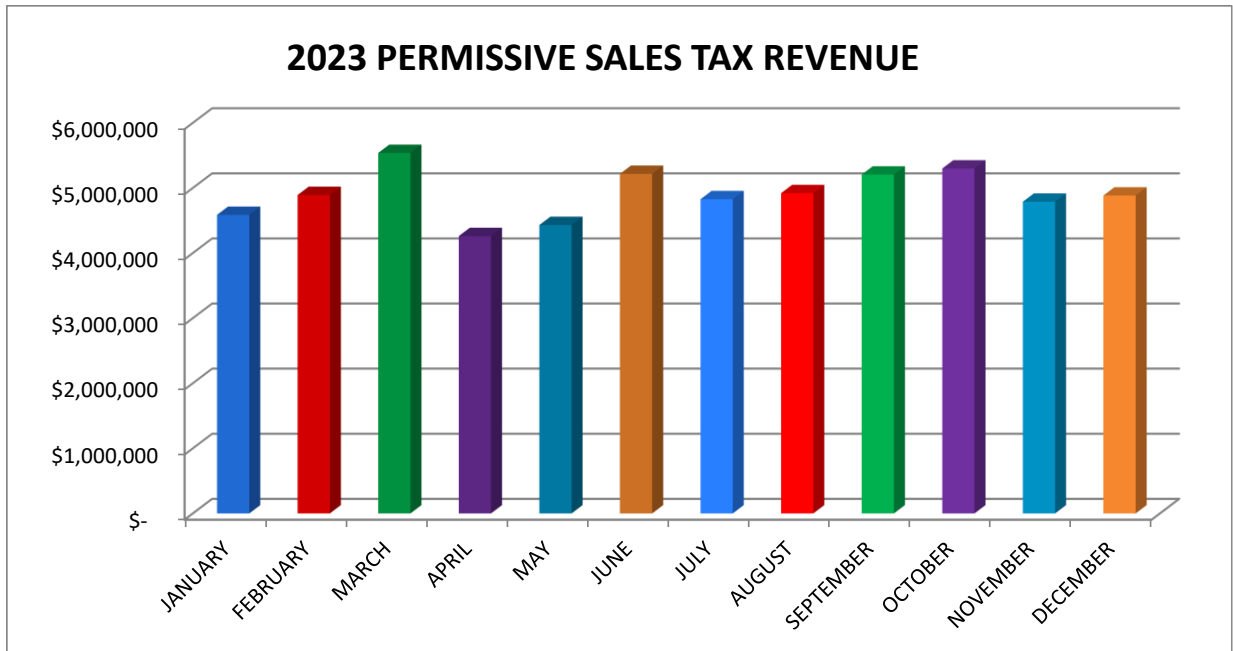
One source of tax revenue for the County is permissive sales and use tax. This tax is levied by the Board of County Commissioners and applies to retail sales, lease, and rental transactions. Certain services, such as repair and installation services, are also subject to this tax. The total permissive sales tax rate in Butler County is currently 6.5%. However, 5.75% of that is levied by the State of Ohio. The County has only levied an additional .75% and is one of just four counties in Ohio with a permissive sales tax rate this low. Vendors collect permissive sales tax from consumers at the time of purchase and remit their collections to the State of Ohio. The State retains their portion and disburses the County's portion once a month.

As consumer spending increases, so do sales tax collections. In some cases, sales tax collections can be used to gauge the health of the economy. In 2020, the County's total sales tax collections fell slightly amid the global coronavirus pandemic. Since then, however, collections have continued to grow.

ANNUAL PERMISSIVE SALES TAX REVENUE



It's important to note that sales tax distributions are received from the state two months after they are collected, so January sales tax collections are received by the County in March, February collections are received in April, and so on. The charts below are presented on a cash basis, so the revenue is reported in the month in which it is received.



More information about permissive sales and use tax distributions can be found on the [State of Ohio Department of Taxation's website](#).

Local Government Distributions

Outside of its own tax collections, the County receives monthly distributions from the State of Ohio's local government fund (LGF). Each month, the LGF receives 3.68% of the State's total general revenue tax collections, most of which come from sales and use tax and personal income tax. The State then allocates this revenue to each of Ohio's eighty eight counties. The counties retain a portion of this funding and distribute the rest to local subdivisions. Ohio Revised Code dictates the funds be portioned out by using a statutory formula (as outlined in ORC 5747.51 and 5747.52) or an approved alternative method.

Butler County, like most other Ohio counties, uses an alternative method to determine how to local government funds should be allocated. Currently, the County retains 30% of the monthly LGF distributions it receives from the State and 3% is allocated to MetroParks of Butler County. The remaining 67% is split between local cities, villages, and townships based mainly on population. Some small villages and townships also receive a fixed supplemental LGF distribution each month. The County does not retain any of this funding; it is disbursed in its entirety to qualifying entities. Further detail on 2023 distributions is provided in the charts below.

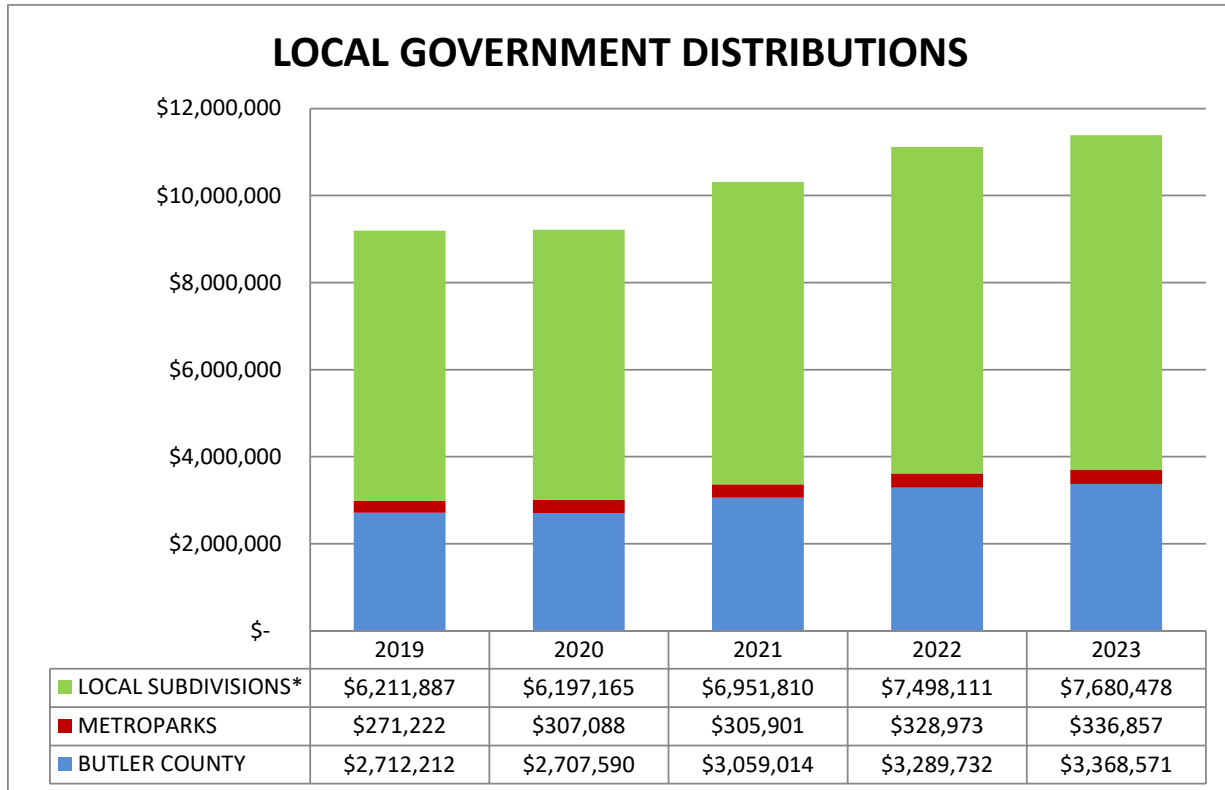
LGF DISTRIBUTION

SUBDIVISION	ALLOCATION
BUTLER COUNTY	30.00%
METROPARKS	3.00%
LOCAL SUBDIVISIONS:	
CITY OF FAIRFIELD	7.71%
CITY OF HAMILTON	11.77%
CITY OF MIDDLETOWN	8.10%
CITY OF MONROE	2.63%
CITY OF OXFORD	3.95%
CITY OF SHARONVILLE	0.41%
CITY OF TRENTON	2.23%
FAIRFIELD TOWNSHIP	3.76%
HANOVER TOWNSHIP	1.36%
LEMON TOWNSHIP	0.41%
LIBERTY TOWNSHIP	6.98%
MADISON TOWNSHIP	1.47%
MILFORD TOWNSHIP	0.60%
MORGAN TOWNSHIP	0.92%
OXFORD TOWNSHIP	0.39%
REILY TOWNSHIP	0.46%
ROSS TOWNSHIP	1.43%
ST. CLAIR TOWNSHIP	0.72%
VILLAGE OF COLLEGE CORNER	0.03%
VILLAGE OF JACKSONBURG	0.07%
VILLAGE OF MILLVILLE	0.17%
VILLAGE OF NEW MIAMI	0.44%
VILLAGE OF SEVENMILE	0.23%
WAYNE TOWNSHIP	0.66%
WEST CHESTER TOWNSHIP	10.10%

MONTHLY LGF SUPPLEMENT

QUALIFYING VILLAGE OR TOWNSHIP	AMOUNT
FAIRFIELD TOWNSHIP	\$ 1,115.99
HANOVER TOWNSHIP	\$ 677.86
LEMON TOWNSHIP	\$ 438.27
LIBERTY TOWNSHIP	\$ 1,877.97
MADISON TOWNSHIP	\$ 842.16
MILFORD TOWNSHIP	\$ 652.20
MORGAN TOWNSHIP	\$ 641.42
OXFORD TOWNSHIP	\$ 587.81
REILY TOWNSHIP	\$ 659.19
ROSS TOWNSHIP	\$ 792.75
ST. CLAIR TOWNSHIP	\$ 651.00
WAYNE TOWNSHIP	\$ 619.36
WEST CHESTER TOWNSHIP	\$ 2,586.05
VILLAGE OF JACKSONBURG	\$ 213.87
VILLAGE OF MILLVILLE	\$ 388.42
VILLAGE OF SEVEN MILE	\$ 366.91
TOTAL	\$13,111.23

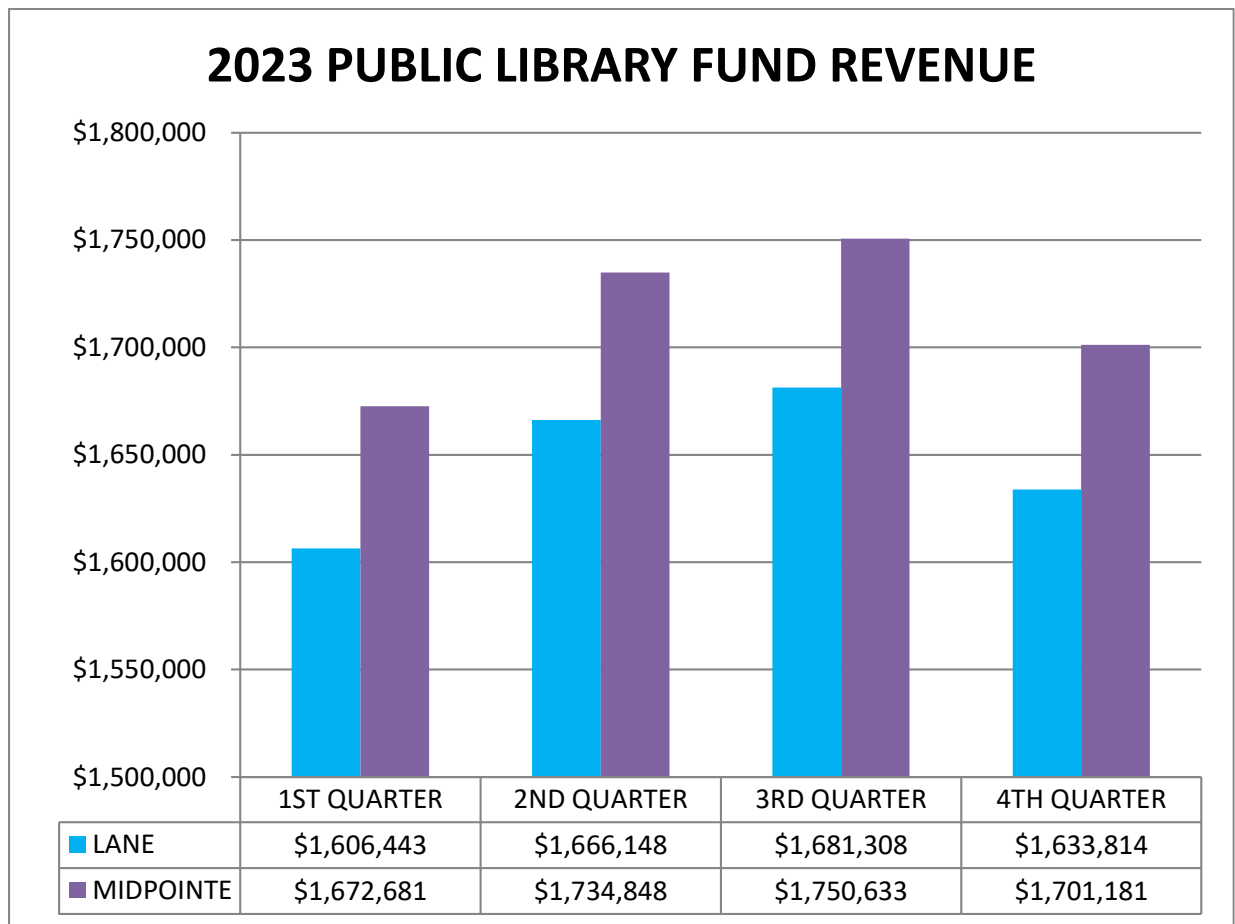
Since LGF distributions are derived from tax revenue, in particular sales and use tax revenue, the amounts received from the State can vary significantly from month to month and year to year. In 2020, for example, LGF revenue dipped slightly as a result of the global coronavirus pandemic. As tax collections have rebounded, however, so have total annual distributions.



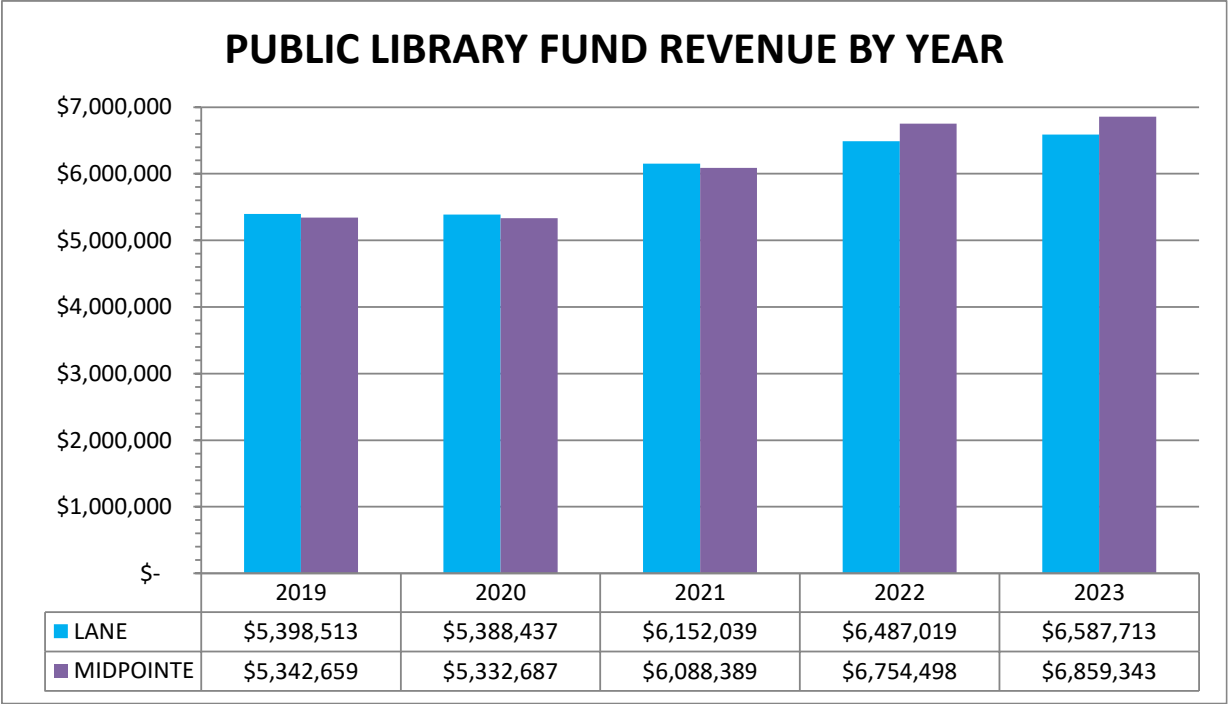
*Amounts include LGF supplements for qualifying small villages and townships.

In addition to local government funds, the County also receives monthly distributions from the State of Ohio's public library fund (PLF). Per Ohio Revised Code (ORC) 131.51, the PLF receives 1.7% of the revenue from all state general revenue tax sources, which is mostly comprised of sales and use tax and personal income tax collections. Each month, the State of Ohio disburses these funds to Ohio counties to be further distributed to local libraries. Unlike LGF distributions, however, Ohio counties do not retain any of the PLF distributions they receive. They serve only as a pass-through from the State to the libraries.

In Butler County, PLF distributions are allocated to Lane Public Library and MidPointe Library System. The libraries split the funding into 48.99% and 51.01% shares with MidPointe receiving the larger portion. These funds make up a substantial portion of each library's budget and consequently, several million dollars in public library funding is passed through the County each year. In 2023, over \$13.4 million total was delivered to the libraries and each library system received over \$1.6 million in PLF revenue per quarter. For more information about either of these library systems, including how this revenue is utilized, please contact them directly.



PLF distributions, like LGF distributions, are dependent on tax collections. Therefore, distribution amounts can vary throughout the year as consumer spending, income, and other factors change. As with many other revenue streams, PLF revenue saw a slight reduction in 2020 amid the global coronavirus pandemic. Since then, however, funding amounts have continued to grow. In total, PLF revenue has increased twenty-five percent in the last five years.



For more information about local government fund or public library fund distributions, please visit the State of Ohio Department of Taxation website.

County Debt

Butler County currently has approximately \$53.1 million in debt. This debt is used to fund different projects throughout the county, namely public infrastructure improvement projects. The majority of this debt is in the form of general obligation (GO) bonds and loans but the County also has special assessment bonds, revenue bonds, and water judgment bonds. See below for more information about these types of debt.

General obligation bonds, or GO bonds, represent long-term debt that is backed by the full faith and credit of the County. This means that in the event of default, the County's General Fund, which is funded by inside millage from property taxes, would have to cover the cost of the debt.

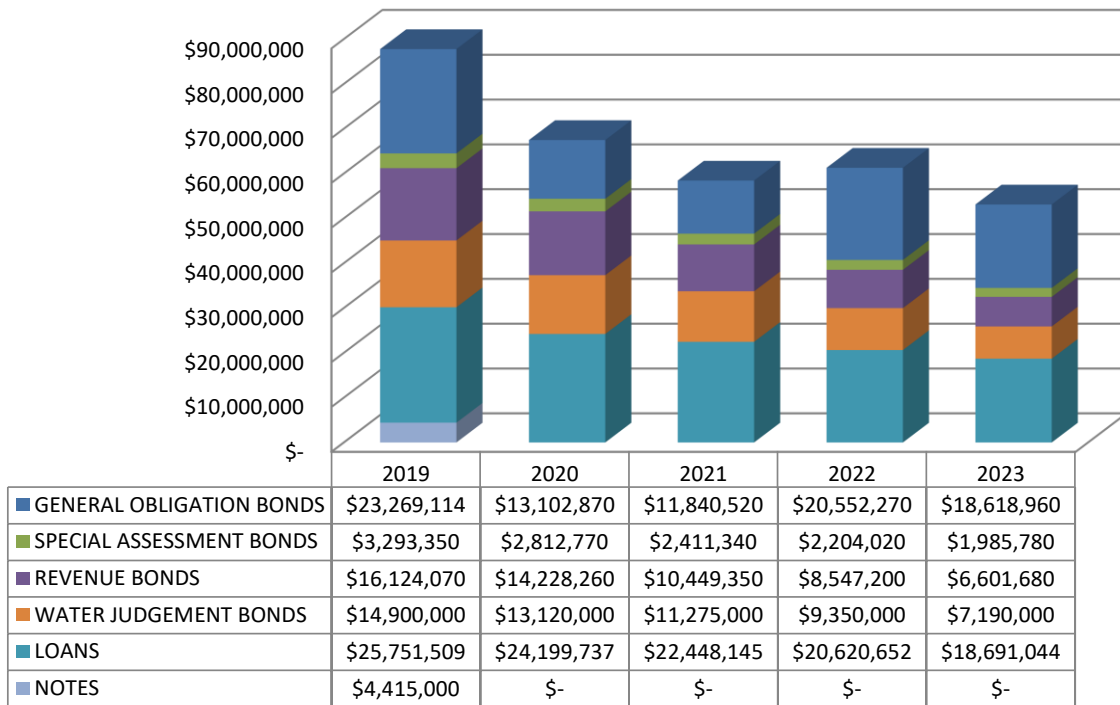
Special assessment bonds represent debt issued to pay for improvements that directly benefit property owners. Those property owners then repay the County over a period of time. This is done via a special assessment which is levied against their property and included on the owner's real estate tax bill. In the event that a property owner does not pay their special assessment, the County is responsible for covering the cost of the debt.

Revenue bonds represent long-term debt issued to pay for projects performed by the County's Water and Sewer department. Unlike GO or special assessment bonds, revenue bonds are not backed by the full faith and credit of the County. Instead, these bonds are supported by revenue from the Water and Sewer department which is generated from customer charges.

Water judgment bonds are GO bonds that were issued as part of a settlement agreement between Butler County and the City of Hamilton. Per this agreement, the County purchases water from the City for a reduced rate. They are supported by revenue from the Water department which is generated from customer charges.

Loans are long-term borrowings issued to the County to help acquire or construct assets. In many cases, these loans are provided by the State of Ohio or federal government at reduced or zero percent interest. Loans are repaid from the County's General Fund, Motor Vehicle Fund, Water Fund, or Sewer Fund, depending on what the loan was originally borrowed for.

BUTLER COUNTY DEBT

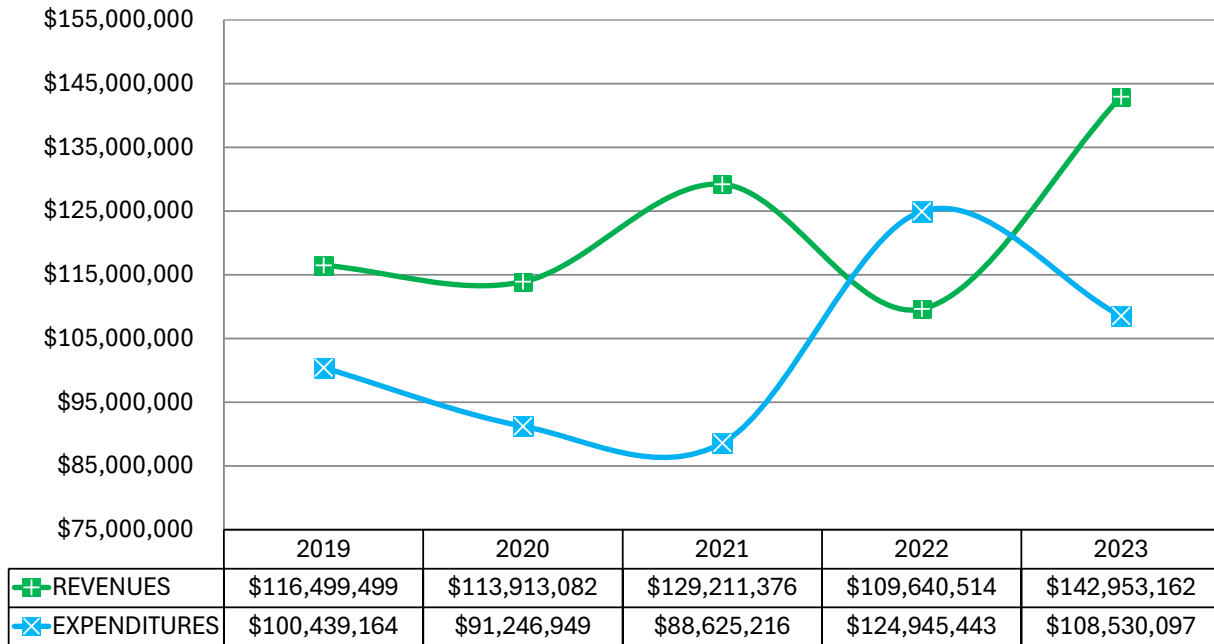


The Butler County Board of Commissioners has made repaying the County's debt a priority. In the last five years, the overall total debt has decreased over \$34.6 million, an almost forty percent reduction. In 2022, two new general obligation bonds were issued and used to alleviate other long-term obligations and take advantage of lower interest rates. Even with the issuance of this new debt, the County's total debt is currently lower than it was in 2021. The County also continues to maintain an Aaa bond rating from Moody's Investor Service. Moody's is a corporation that assigns ratings to companies and governments based on their overall creditworthiness. An Aaa bond rating is comparable to an 800-level personal credit score. The County was first upgraded to this level in 2019 and it has maintained the rating since then.

General Fund Activity

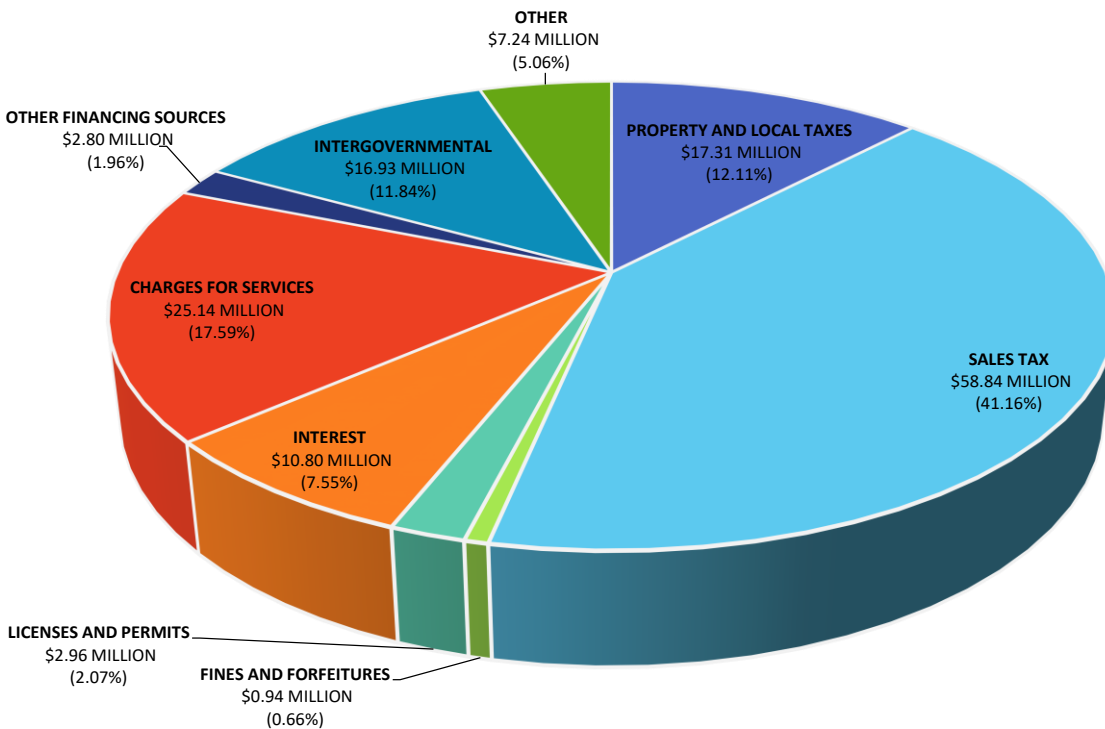
The General Fund is the County's primary operating fund, and its resources may be used for any public purpose. The table below provides a snapshot of General Fund revenues versus expenditures for the past five years. In 2022, revenues significantly decreased due to the temporary suspension of General Fund property tax collections, which was approved by the Butler County Commissioners to help save taxpayers money.

GENERAL FUND REVENUES VS. EXPENDITURES



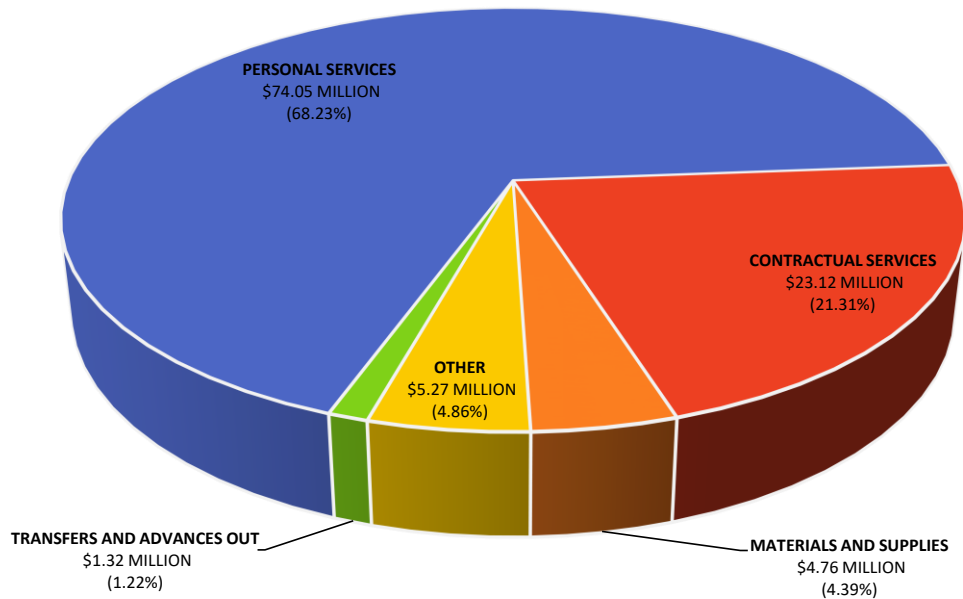
General Fund revenue is collected from a variety of sources to pay for the services provided to citizens. **Property and Local Taxes** include real estate, personal property, and a variety of other smaller taxes; **Sales Tax** is received from the State for vendor collections of the tax paid; **Fines and Forfeitures** is comprised of collections from the Clerk of Courts, Domestic Relations, Common Pleas, Juvenile, and the County court; **License and Permits** include vendor license and building permits; **Interest** is interest earned and gains on investments held by the County; **Charges for Services** is comprised of payments for services such as boarding of prisoners, election expense reimbursements, and fees for the recording of deeds and property transfers; **Other Financing Sources** is current year refunds and reimbursements for items such as postage, indirect cost, and phone services; **Intergovernmental** is comprised of Federal, State, and local grants; and **Other** is miscellaneous receipts that cannot be classified in any other category.

2023 GENERAL FUND REVENUE BY CATEGORY



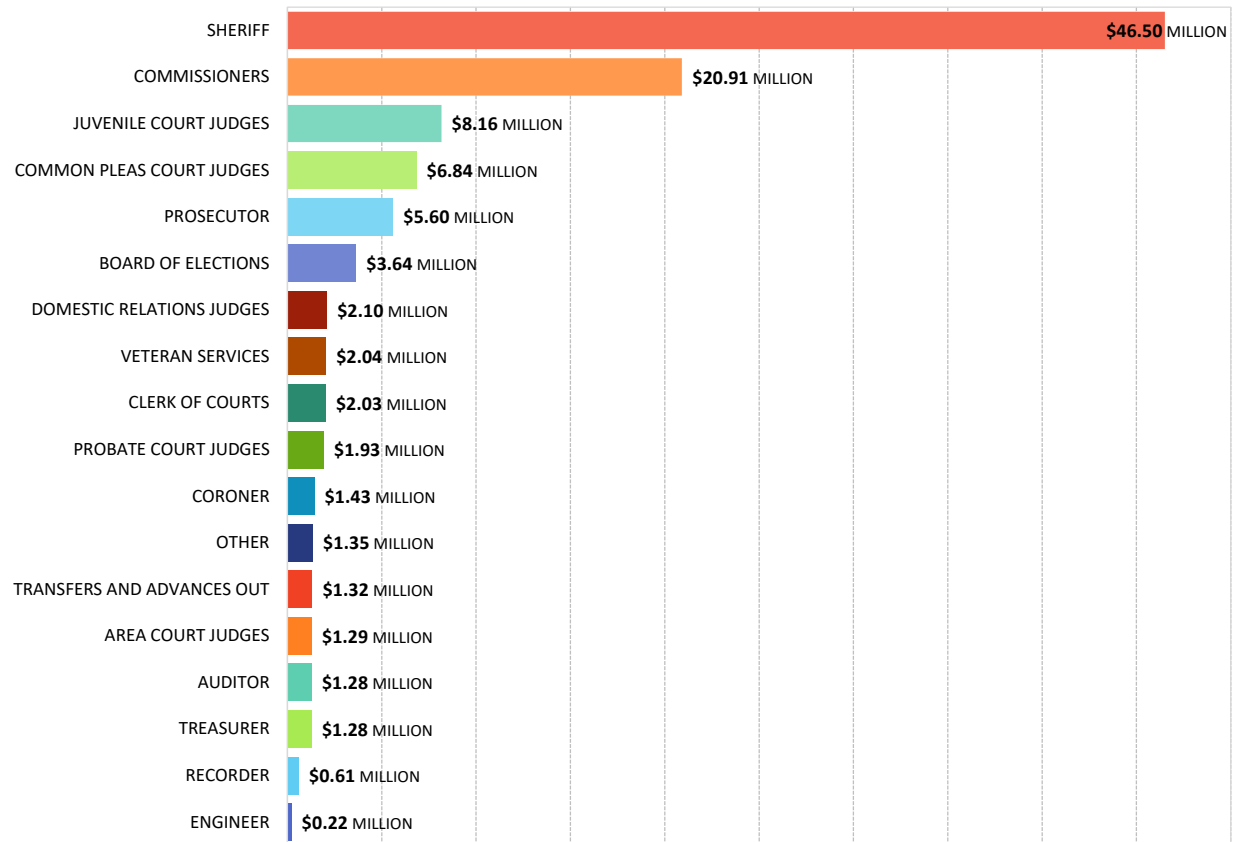
General Fund expenditures are categorized by the type of expense paid. **Personal Services** consists of salaries for employees and elected officials as well as other employer costs such as workers compensation, health insurance, Medicare, OPERS retirement, and unemployment; **Contractual Services** consists of boarding of prisoners, attorney fees, travel and training, vehicle and equipment maintenance and repairs, and other miscellaneous services; **Materials and Supplies** include postage, fuel, and medical and office supplies; **Other** contains capital purchases and improvements, return of grant funds and prior year corrections along with other miscellaneous expenses; and **Transfers and Advances Out** are dollars transferred or advanced to other funds. Advances are short term loans to funds that will eventually be repaid to the General Fund.

2023 GENERAL FUND EXPENDITURES BY CATEGORY



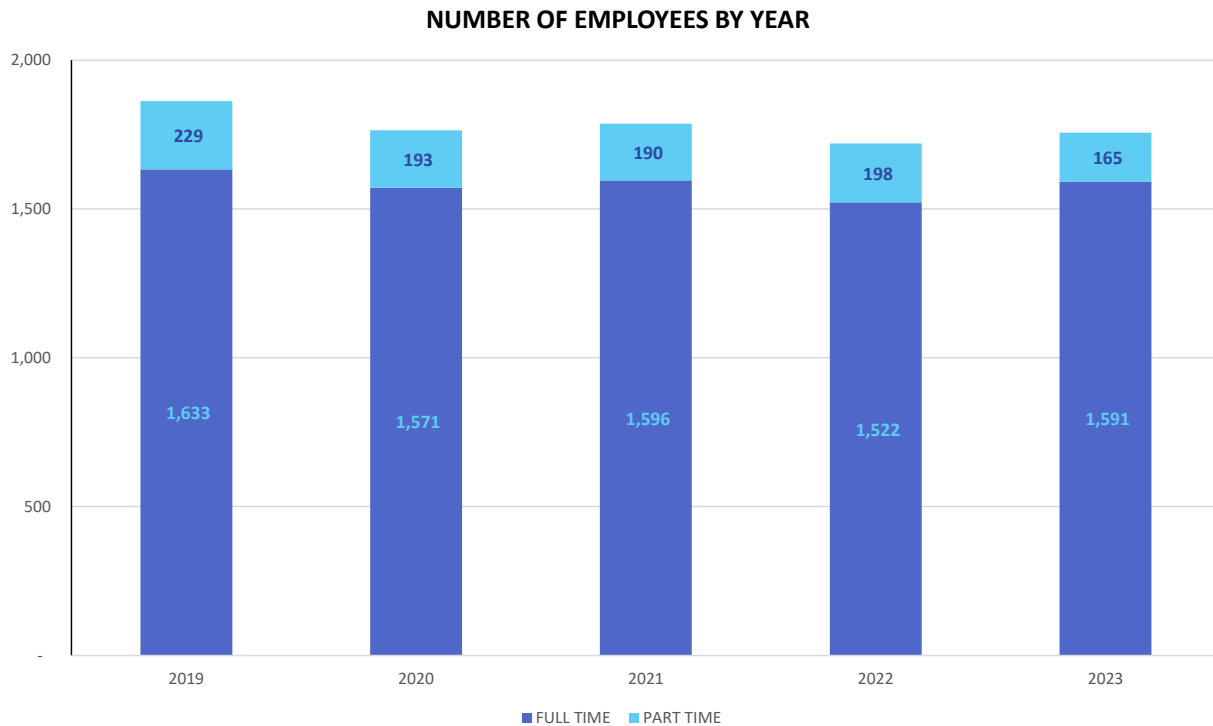
The table below presents General Fund expenditures by elected official or board as opposed to expense category. **Other** represents expenditures for the 12th District Court, Municipal Courts, and Microfilm Board.

2023 GENERAL FUND EXPENDITURES BY ELECTED OFFICIAL

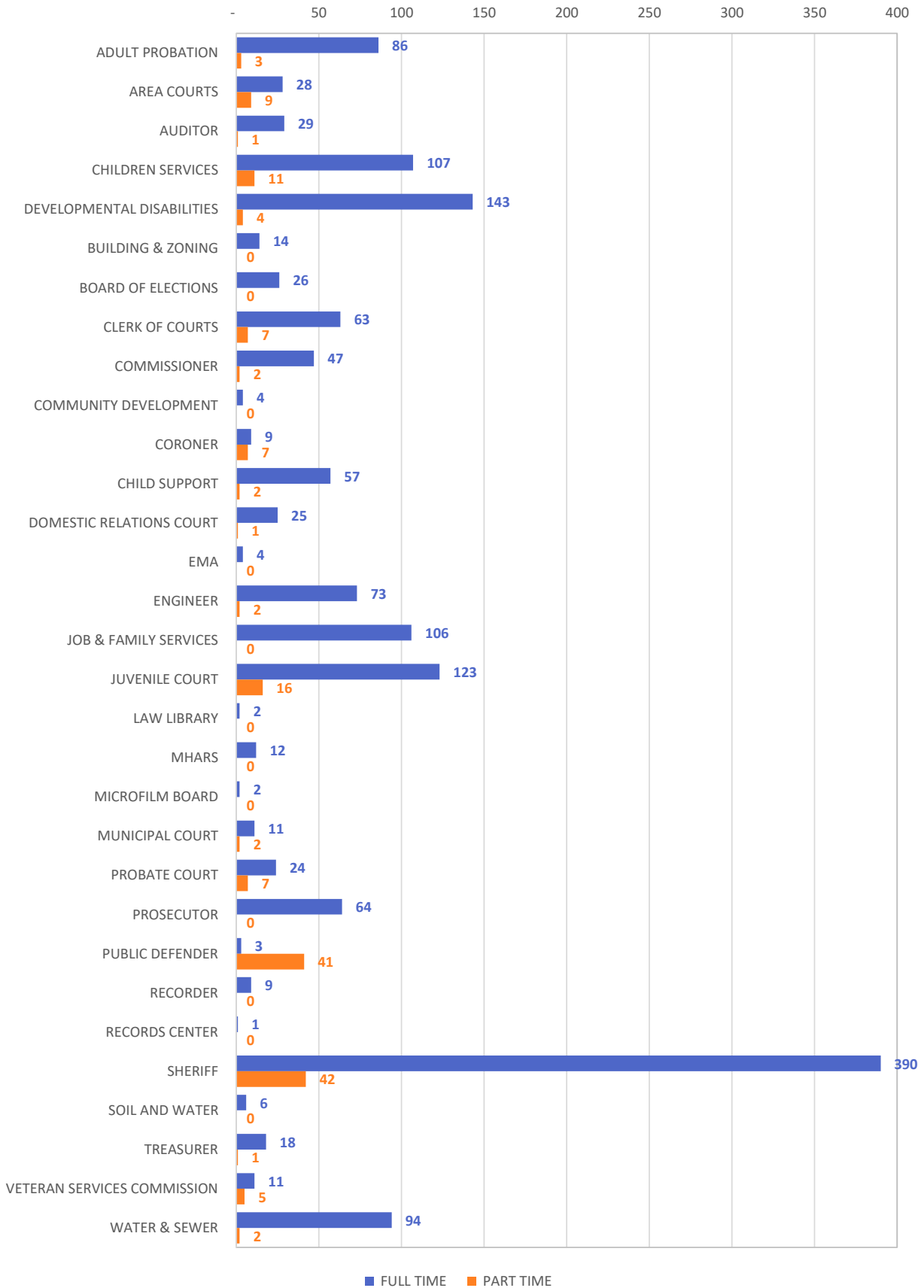


Employee Information

Butler County employs several hundred individuals in over thirty different departments. After falling slightly from 2019 to 2020, the number of employees has remained relatively the same over the last few years. The graphs in this section provide a snapshot of the total number of employees working for the County on December 31st of the indicated year. These amounts do not include Butler County Health Department or MetroParks of Butler County employees.



TOTAL 2023 EMPLOYEES BY DEPARTMENT



TOTAL 2023 EMPLOYEES BY DEPARTMENT

