



**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

ST. CLAIR TOWNSHIP
BUTLER COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

St. Clair Township
Butler County
2227 Hamilton-Eaton Road
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited the accompanying financial statements of St. Clair Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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 the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

March 16, 2001

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**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

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

	General Fund	Special Revenue	Debt Service	Capital Project	(Memorandum Only)
Revenue Receipts:					
Taxes	\$70,776	\$576,123	\$57,412		\$704,311
Charges for Services		77,625			77,625
Licenses, Permits and Fees	4,610	25,724			30,334
Fines and Forfeitures	77				77
Intergovernmental Receipts	294,368	92,337			386,705
Special Assessments		9,169			9,169
Interest	38,251	2,747	217	\$28,782	69,997
Other Revenue	15,887	43,430			59,317
Total Revenue Receipts	<u>423,969</u>	<u>827,155</u>	<u>57,629</u>	<u>28,782</u>	<u>1,337,535</u>
Expenditure Disbursements:					
Current:					
General Government	203,328	313,514			516,842
Public Safety		8,245			8,245
Public Works	67,089	403,177			470,266
Health	2,102				2,102
Capital Outlay		62,592		923,211	985,803
Debt Service:					
Bond Principal Payment	77,000				77,000
Interest			57,412		57,412
Total Expenditure Disbursements	<u>349,519</u>	<u>787,528</u>	<u>57,412</u>	<u>923,211</u>	<u>2,117,670</u>
Total Receipts Over(Under) Disbursements	<u>74,450</u>	<u>39,627</u>	<u>217</u>	<u>(894,429)</u>	<u>(780,135)</u>
Fund Cash Balance, January 1,2000	240,936	462,615	641	1,363,058	2,067,250
Fund Balance Adjustments		314			314
Fund Balance After Adjustments	<u>240,936</u>	<u>462,929</u>	<u>641</u>	<u>1,363,058</u>	<u>2,067,564</u>
Fund Cash Balance, December 31, 2000	<u>\$315,386</u>	<u>\$502,556</u>	<u>\$858</u>	<u>\$468,629</u>	<u>\$1,287,429</u>
Reserve For Encumbrance, December 31, 2000	<u>\$49,025</u>	<u>\$44,139</u>	<u>\$0</u>	<u>\$341,554</u>	<u>\$434,718</u>

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

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total (Memorandum Only)</u>
Revenue Receipts:					
Taxes	\$66,832	\$624,120			\$690,952
Charges for Services		62,014			62,014
Licenses, Permits and Fees	7,371	18,901			26,272
Fines and Forfeitures	205				205
Intergovernmental Receipts	267,386	78,323			345,709
Special Assessments		9,241			9,241
Interest	27,799	2,098	\$641	\$36,190	66,728
Other Revenue	24,617	41,845			66,462
Total Revenue Receipts	<u>394,210</u>	<u>836,542</u>	<u>641</u>	<u>36,190</u>	<u>1,267,583</u>
Expenditure Disbursements:					
Current:					
General Government	177,578	249,336			426,914
Public Safety		8,289			8,289
Public Works	88,195	437,180			525,375
Health	4,272	151			4,423
Conservation - Recreation	5,000				5,000
Capital Outlay	22,530	63,426		236,358	322,314
Total Expenditure Disbursements	<u>297,575</u>	<u>758,382</u>		<u>236,358</u>	<u>1,292,315</u>
Total Receipts Over(Under) Disbursements	<u>96,635</u>	<u>78,160</u>	<u>641</u>	<u>(200,168)</u>	<u>(24,732)</u>
Other Financing Sources (Uses):					
Proceeds of Bonds				995,000	995,000
Operating Transfers In		60,000		518,472	578,472
Operating Transfers Out	(60,000)			(518,472)	(578,472)
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>60,000</u>		<u>995,000</u>	<u>995,000</u>
Total of Rec. and Other Sources Over (Under) Disbursements and Other Uses	<u>36,635</u>	<u>138,160</u>	<u>641</u>	<u>794,832</u>	<u>970,268</u>
Fund Cash Balance, January 1, 1999	204,405	324,294		568,226	1,096,925
Fund Balance Adjustments	(104)	161			57
Fund Balance After Adjustments	<u>204,301</u>	<u>324,455</u>		<u>568,226</u>	<u>1,096,982</u>
Fund Cash Balance, December 31, 1999	<u>\$240,936</u>	<u>\$462,615</u>	<u>\$641</u>	<u>\$1,363,058</u>	<u>\$2,067,250</u>
Reserve For Encumbrance, December 31, 1999	<u>\$26,067</u>	<u>\$40,225</u>	<u>\$0</u>	<u>\$1,261,346</u>	<u>\$1,327,638</u>

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

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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.

Garbage and Waste Disposal Fund - This fund receives tax revenue to pay for trash collection.

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Fund - This fund receives tax revenue to pay for fire protection for township residents.

Life Squad Levy Fund and Emergency Medical Services Fund - These funds receives tax revenue and charges for services to provide for emergency medical assistance to township residents.

3. Debt Service Funds

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

General Bond Retirement Fund - This fund is used to pay the debt incurred for the construction of a new maintenance building.

Fire Bond Retirement Fund - This fund is used to pay the debt incurred for the construction of a new fire house.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Building Road Department Fund - To account for the construction of a new maintenance building.

Building Fire Department Fund - To account for the construction of a new fire house.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control for 1999 and at the fund level of control for 2000, 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.

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$564,192	(\$12,904)
Certificates of deposit	<u>723,237</u>	<u>300,000</u>
Total deposits	<u>1,287,429</u>	<u>287,096</u>
STAROhio	<u> </u>	<u>1,780,154</u>
Total investments	<u>0</u>	<u>1,780,154</u>
Total deposits and investments	<u><u>\$1,287,429</u></u>	<u><u>\$2,067,250</u></u>

At December 31, 1999, the Township held a certificate of deposit for \$100,000 in Hambuco Federal Credit Union. This federal credit union is not an eligible depository for township funds per Ohio Rev. Code, Section 135.03.

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool or (3) per the federal credit union, through the National Credit Union Association (NCUA).

Investments:

Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 407,134	\$ 423,969	\$16,835
Special Revenue	726,035	827,155	101,120
Debt Service	134,412	57,629	(76,783)
Capital Projects	613	28,782	28,169
Total	<u>\$1,268,194</u>	<u>\$1,337,535</u>	<u>\$69,341</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 648,070	\$ 398,544	\$249,526
Special Revenue	1,186,056	831,667	354,389
Debt Service	135,053	57,412	77,641
Capital Projects	1,363,671	1,264,765	98,906
Total	<u>\$3,332,850</u>	<u>\$2,552,388</u>	<u>\$780,462</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 361,343	\$ 394,210	\$32,867
Special Revenue	849,676	896,542	46,866
Debt Service	638	641	3
Capital Projects	1,006,826	1,549,662	542,836
Total	<u>\$2,218,483</u>	<u>\$2,841,055</u>	<u>\$622,572</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 497,379	\$ 383,642	\$113,737
Special Revenue	1,104,704	798,607	306,097
Capital Projects	1,562,226	2,016,176	(453,950)
Total	<u>\$3,164,309</u>	<u>\$3,198,425</u>	<u>(\$34,116)</u>

In fiscal year 1999 three capital project funds had expenditures which exceeded appropriations in violation of Ohio Rev. Code, Section 5705.41(B), and two capital projects funds had appropriations which exceeded total estimated revenue in violation of Ohio Rev. Code, Section 5705.39.

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

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

4. PROPERTY TAX

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

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, 2000, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$918,000	5.635% to 5.935%

The general obligation bonds were issued to finance the construction of a new road maintenance building and a new fire house. The bonds are collateralized with the faith, credit and revenue of Township.

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

Year ending December 31:	General Obligation Bonds
2001	
	\$ 133,073
2002	134,565
2003	133,719
2004	134,558
2005	133,052
Subsequent	536,349
Total	\$1,205,316

6. RETIREMENT SYSTEMS

The township employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

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

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% for year 2000 and 13.55% for year 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The township is a member of the Ohio Township Association Risk Management Authority. The Ohio Township Association Risk Management Authority assumes the risk of loss up to the limits of the Township's policy

- General liability and casualty
- Public official's liability
- Vehicle
- Property

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



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

St. Clair Township
Butler County
2227 Hamilton-Eaton Road
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited the accompanying financial statements of St. Clair Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 16, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-40409-001 and 2000-40409-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 16, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Clair Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-40409-001 and 2000-40409-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

St. Clair Township
Butler County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

March 16, 2001

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

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

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

FINDING NUMBER 2000-40409-001

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41(B), stipulates no subdivision or taxing unit is to expend money unless it has been appropriated.

In 1999 the following funds had budgetary expenditures which exceeded appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Capital Project Equipment Road Department	\$0	\$325,386	(\$325,386)
Capital Project Equipment Fire Department	0	243,867	(243,867)
Capital Project Equipment Life Squad	19,959	20,800	(841)

When expenditures exceed appropriations negative fund balances could result.

We recommend that township personnel monitor the budgetary process so that expenditures do not exceed the amount appropriated. The Equipment Road Department and Equipment Fire Department variances were the result of transfers out not being appropriated.

FINDING NUMBER 2000-40409-002

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.39, stipulates that total appropriations from each fund should not exceed the total estimated revenue, as certified by the budget commission.

In 1999 appropriations exceeded estimated resources for the funds:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Capital Projects Building Road Department	\$497,500	\$810,804	\$313,304
Capital Projects Building Fire Department	497,500	731,464	233,964

When appropriations exceed estimated revenue, the Township could spend monies it does not have resulting in negative fund balances.

We recommend that appropriations do not exceed estimated resources.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ST. CLAIR TOWNSHIP

BUTLER 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
MARCH 29, 2001**