



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

St. Clair Township  
Columbiana County  
P.O. Box 2965  
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the accompanying financial statements of St. Clair Township (the Township) as of and for the years ended December 31, 2001 and 2000. 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 *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, 2001 and 2000, 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 June 14, 2002 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, Board of Trustees 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

June 14, 2002

**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

|  | <u>Governmental Fund Types</u> |                            |                         |                             | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                         |                             |   |
| Local Taxes  | \$123,034                      | \$1,225,679                | \$0                     | \$43,884                    | \$1,392,597                             |
| Intergovernmental  | 322,281                        | 223,830                    |                         | 309,141                     | 855,252                                 |
| Charges for Services   |                                | 696                        |                         |                             | 696                                     |
| Licenses, Permits, and Fees  | 40,815                         |                            |                         |                             | 40,815                                  |
| Fines, Forfeitures, and Penalties  | 8,281                          | 250                        |                         |                             | 8,531                                   |
| Earnings on Investments  | 24,701                         | 5,124                      |                         | 2,872                       | 32,697                                  |
| Other Revenue  | 8,081                          | 22,515                     |                         |                             | 30,596                                  |
| Total Cash Receipts  | <u>527,193</u>                 | <u>1,478,094</u>           | <u>0</u>                | <u>355,897</u>              | <u>2,361,184</u>                        |
| <b>Cash Disbursements:</b>   |                                |                            |                         |                             |   |
| Current:   |                                |                            |                         |                             |   |
| General Government   | 130,409                        | 4,591                      |                         |                             | 135,000                                 |
| Public Safety  | 240                            | 790,234                    |                         |                             | 790,474                                 |
| Public Works   | 263,978                        | 323,345                    |                         |                             | 587,323                                 |
| Health   | 18,695                         |                            |                         |                             | 18,695                                  |
| Miscellaneous  |                                | 6,400                      |                         |                             | 6,400                                   |
| Debt Service:  |                                |                            |                         |                             |   |
| Redemption of Columbiana County's Zero Interest Loan   |                                | 15,000                     |                         |                             | 15,000                                  |
| Capital Outlay   | 3,419                          | 120,617                    |                         | 456,074                     | 580,110                                 |
| Total Cash Disbursements   | <u>416,741</u>                 | <u>1,260,187</u>           | <u>0</u>                | <u>456,074</u>              | <u>2,133,002</u>                        |
| Total Receipts Over/(Under) Disbursements  | <u>110,452</u>                 | <u>217,907</u>             | <u>0</u>                | <u>(100,177)</u>            | <u>228,182</u>                          |
| <b>Other Financing Receipts and (Disbursements):</b>   |                                |                            |                         |                             |   |
| Proceeds from Sale of Public Debt:   |                                |                            |                         |                             |   |
| Proceeds of Notes  |                                |                            |                         | 106,922                     | 106,922                                 |
| Sale of Fixed Assets   |                                | 7,103                      |                         |                             | 7,103                                   |
| Transfers-In   | 2,132                          | 13,217                     |                         | 38,137                      | 53,486                                  |
| Advances-In  | 67,839                         |                            |                         | 67,839                      | 135,678                                 |
| Transfers-Out  | (50,027)                       | (1,327)                    | (2,132)                 |                             | (53,486)                                |
| Advances-Out   | (67,839)                       |                            |                         | (67,839)                    | (135,678)                               |
| Other Uses   |                                | (1,137)                    |                         |                             | (1,137)                                 |
| Total Other Financing Receipts/(Disbursements)   | <u>(47,895)</u>                | <u>17,856</u>              | <u>(2,132)</u>          | <u>145,059</u>              | <u>112,888</u>                          |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 62,557                         | 235,763                    | (2,132)                 | 44,882                      | 341,070                                 |
| Fund Cash Balances, January 1  | 440,096                        | 393,104                    | 2,133                   | 115,711                     | 951,044                                 |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$502,653</u></b>        | <b><u>\$628,867</u></b>    | <b><u>\$1</u></b>       | <b><u>\$160,593</u></b>     | <b><u>\$1,292,114</u></b>               |
| Reserve for Encumbrances, December 31  | <u>\$2,875</u>                 | <u>\$4,117</u>             | <u>\$0</u>              | <u>\$0</u>                  | <u>\$6,992</u>                          |

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

**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

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

|  | <u>Governmental Fund Types</u> |                            |                         |                             | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                         |                             |   |
| Local Taxes  | \$103,904                      | \$934,081                  | \$0                     | \$37,832                    | \$1,075,817                             |
| Intergovernmental  | 232,201                        | 194,559                    |                         |                             | 426,760                                 |
| Licenses, Permits, and Fees  | 34,655                         | 1,910                      |                         |                             | 36,565                                  |
| Fines, Forfeitures, and Penalties  | 8,908                          | 669                        |                         |                             | 9,577                                   |
| Earnings on Investments  | 26,280                         | 7,283                      |                         | 2,306                       | 35,869                                  |
| Other Revenue  | 5,959                          | 4,195                      |                         |                             | 10,154                                  |
| Total Cash Receipts  | <u>411,907</u>                 | <u>1,142,697</u>           | <u>0</u>                | <u>40,138</u>               | <u>1,594,742</u>                        |
| <b>Cash Disbursements:</b>   |                                |                            |                         |                             |   |
| Current:   |                                |                            |                         |                             |   |
| General Government   | 141,700                        |                            |                         |                             | 141,700                                 |
| Public Safety  | 9,533                          | 795,272                    |                         |                             | 804,805                                 |
| Public Works   | 159,348                        | 247,471                    |                         |                             | 406,819                                 |
| Capital Outlay   | 10,057                         | 74,065                     |                         |                             | 84,122                                  |
| Total Cash Disbursements   | <u>320,638</u>                 | <u>1,116,808</u>           | <u>0</u>                | <u>0</u>                    | <u>1,437,446</u>                        |
| Total Receipts Over Disbursements  | <u>91,269</u>                  | <u>25,889</u>              | <u>0</u>                | <u>40,138</u>               | <u>157,296</u>                          |
| <b>Other Financing Receipts and (Disbursements):</b>   |                                |                            |                         |                             |   |
| Proceeds from Sale of Public Debt:   |                                |                            |                         |                             |   |
| Sale of Fixed Assets   |                                | 830                        |                         |                             | 830                                     |
| Transfers-In   |                                |                            |                         | 20,000                      | 20,000                                  |
| Transfers-Out  | (20,000)                       |                            |                         |                             | (20,000)                                |
| Total Other Financing Receipts/(Disbursemen  | <u>(20,000)</u>                | <u>830</u>                 | <u>0</u>                | <u>20,000</u>               | <u>830</u>                              |
| Excess of Cash Receipts and Other Financing<br>Receipts over/(Under) Cash Disbursements<br>and Other Financing Disbursements | 71,269                         | 26,719                     |                         | 60,138                      | 158,126                                 |
| Fund Cash Balances, January 1  | <u>368,827</u>                 | <u>366,385</u>             | <u>2,133</u>            | <u>55,573</u>               | <u>792,918</u>                          |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$440,096</u></b>        | <b><u>\$393,104</u></b>    | <b><u>\$2,133</u></b>   | <b><u>\$115,711</u></b>     | <b><u>\$951,044</u></b>                 |
| Reserve for Encumbrances, December 31  | <u>\$567</u>                   | <u>\$1,483</u>             | <u>\$0</u>              | <u>\$0</u>                  | <u>\$2,050</u>                          |

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

**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

St. Clair Township, Columbiana 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 road and bridge maintenance, and police protection services. The Township contracts with the Calcutta Volunteer Fire Department and Glenmoor Volunteer Fire Department to provide fire 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**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Investments in STAR Ohio are recorded at share values reported by the Treasurer of the State of Ohio.

**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:

**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

*Police District Fund* – This fund receives levy money and is used for public safety for the Township.

*Fire District Fund* – This fund receives levy money and is used for public safety for the Township.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Townships had the following significant debt service funds:

*General Bond (Note) Retirement Fund* - This fund receives property taxes for the retirement of the Township's debt. This fund was not active.

*Special Assessment Fund* – This fund receives a compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties. This fund was not active.

**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:

*Irish Ridge Road Fund* - The Township received a grant from the State of Ohio – Department of Transportation to replace and repair Irish Ridge Road.

*McGuffey Drive Construction Fund* – This fund receives note proceeds from a State Infrastructure Bank Loan and is for the purpose of the construction of a new road within the Township.

**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 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.

**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2001 and 2000 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**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:

|                                | 2001        | 2000      |
|--------------------------------|-------------|-----------|
| Demand deposits                | \$1         | \$2,578   |
| Money Market Deposits          |             | 517,898   |
| Total deposits                 | 1           | 520,476   |
| Repurchase Agreements          | 754,911     | 430,568   |
| STAR Ohio                      | 537,202     |           |
| Total investments              | 1,292,113   | 430,568   |
| Total deposits and investments | \$1,292,114 | \$951,044 |

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

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

| 2001 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$475,234            | \$529,325          | \$54,091    |
| Special Revenue                   | 1,432,985            | 1,498,414          | 65,429      |
| Capital Projects                  | 1,087,839            | 500,956            | (586,883)   |
| Total                             | \$2,996,058          | \$2,528,695        | (\$467,363) |

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$782,984                  | \$469,643                 | \$313,341   |
| Special Revenue                                       | 1,710,408                  | 1,266,768                 | 443,640     |
| Debt Service  | 2,132                      | 2,132                     | 0           |
| Capital Projects                                      | 1,223,155                  | 456,074                   | 767,081     |
| Total   | \$3,718,679                | \$2,194,617               | \$1,524,062 |

| 2000 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$455,191            | \$411,907          | (\$43,284) |
| Special Revenue                   | 1,166,571            | 1,143,527          | (23,044)   |
| Capital Projects                  | 63,383               | 60,138             | (3,245)    |
| Total                             | \$1,685,145          | \$1,615,572        | (\$69,573) |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$692,543                  | \$341,205                 | \$351,338 |
| Special Revenue                                       | 1,464,012                  | 1,118,291                 | 345,721   |
| Capital Projects                                      | 75,573                     | 0                         | 75,573    |
| Total   | \$2,232,128                | \$1,459,496               | \$772,632 |

**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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, 2001 was as follows:

|                            | <u>Principal</u> | <u>Interest Rate</u> | <u>State Admin. Fees</u> |
|----------------------------|------------------|----------------------|--------------------------|
| State Infrastructure Loan: | \$106,922        | 4%                   | .25%                     |

The State Infrastructure Bank (SIB) Loan in the amount of \$1,520,000, will be used for McGuffey Drive Construction. The monies are received from the bank as the project is completed in stages. For 2001 the Township received \$106,922 of the loan, which is reflected on the financial statements. The remainder will be drawn down in 2002 (\$1,413,078.00).

The State Infrastructure Bank Loan is not collateralized.

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

|                          | <u>State<br/>Infrastructure<br/>Loan</u> |
|--------------------------|--|
| Year ending December 31: |  |
| 2002                     | \$52,000                                 |
| 2003                     | 87,000                                   |
| 2004                     | 131,000                                  |
| 2005                     | 131,000                                  |
| 2006                     | 131,000                                  |
| 2007 – 2008              | <u>1,321,524</u>                         |
| Total                    | <u><u>\$1,853,524</u></u>                |

**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS traditional members contributed 8.5% of their gross salaries and police officers contributed 10.1% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000 for traditional members and 16.7% of participants' gross salaries for police officers. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

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.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

**ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

| <u>Casualty Coverage</u> | <u>2001</u>         | <u>2000</u>         |
|--------------------------|---------------------|---------------------|
| Assets                   | \$23,703,776        | \$22,684,383        |
| Liabilities              | <u>9,379,003</u>    | <u>8,924,977</u>    |
| Retained earnings        | <u>\$14,324,773</u> | <u>\$13,759,406</u> |

| <u>Property Coverage</u> | <u>2001</u>        | <u>2000</u>        |
|--------------------------|--------------------|--------------------|
| Assets                   | \$5,011,131        | \$4,156,784        |
| Liabilities              | <u>647,667</u>     | <u>497,831</u>     |
| Retained earnings        | <u>\$4,363,464</u> | <u>\$3,658,953</u> |

**8. RELATED PARTY TRANSACTIONS**

1. The Township hired Dallis Dawson & Associates to perform engineering services for the Township for the construction of McGuffey Drive. Dallis Dawson is the stepson of the Township Clerk. The Township disbursed \$108,795 to Dallis Dawson & Associates during fiscal year 2001.
2. The Township contracted with the Columbiana County Engineer's Office for road paving, bituminous program, and the Chip and Seal program for the Township for both fiscal years under audit. The Columbiana County Engineer is the spouse of the Township Clerk. During fiscal year 2000 the Township disbursed \$63,788 and during fiscal year 2001 the Township disbursed \$136,008 to the County Engineer.

**9. SUBSEQUENT EVENTS**

Debt for a new Administration Building was issued from First National Community Bank in the amount of \$994,000 for purchase, repairs, and additions to the new administration Building. Monies are to be received and repayment to be started in 2002.

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

St. Clair Township  
Columbiana County  
P.O. Box 2965  
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the accompanying financial statements of St. Clair Township, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 14, 2002. 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 *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 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 14, 2002.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 14, 2002.

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

June 14, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**ST. CLAIR TOWNSHIP**  
**COLUMBIANA 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  
JULY 9, 2002**