



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 9, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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ST. CLAIR TOWNSHIP  
COLUMBIANA COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

St. Clair Township  
Columbiana County  
15442 Pugh Road  
Calcutta, Ohio 43920

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Clair Township, Columbiana County, Ohio (the Township) as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of St. Clair Township, Columbiana County, Ohio, as of December 31, 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, Police District and Fire Levy funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2006, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 9, 2006



St. Clair Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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This discussion and analysis of St. Clair Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2004, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2004 are as follows:

Net assets of governmental activities decreased \$60,714, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2004.

The Township's general receipts are primarily property taxes. These receipts represent respectively \$1,492,408 and 74% of the total cash received for governmental activities during the year. Property tax receipts for 2004 changed very little compared to 2003 as development within the Township has slowed.

The Township realized an increase in the mortgage payments to the State Infrastructure Bank for the debt incurred to build McGuffey Drive. The principal, interest and administrative fees paid in 2004 totaled \$141,654.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

St. Clair Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2004, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township has one type of activity:

Governmental activities: All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Road and Bridge Fund, Police Levy Fund, Fire Levy Fund and T.I.F. District Fund.

St. Clair Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2004 compared to 2003 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2004	2003
<b>Assets</b>		
Cash and Cash Equivalents	\$1,163,271	\$1,223,985
<b>Total Assets</b>	<b>\$1,163,271</b>	<b>\$1,223,985</b>
<b>Net Assets</b>		
Restricted for:		
Debt Service	\$1	\$1
Capital Outlay	77,385	142,366
Other Purposes	765,561	703,889
Unrestricted	320,324	377,729
<b>Total Net Assets</b>	<b>\$1,163,271</b>	<b>\$1,223,985</b>

As mentioned previously, net assets of governmental activities decreased \$60,714 or 5% percent during 2004. The primary reasons contributing to the decreases in cash balances are as follows:

- TIF (Tax Increment Financing) District realized a decrease in the collection of property taxes.
- Increases in salaries ranging from 3% to 3.5% based on current negotiated agreements.
- The Township's chip and seal program and road reclaimer program are a large cost in maintaining the township roads. These programs cost in excess of \$144,797 in 2004.
- Health insurance premium costs increased 5.4% in 2004.

Table 2 reflects the changes in net assets in 2004. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

St. Clair Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

(Table 2)	
<b>Changes in Net Assets</b>	
	Governmental Activities 2004
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$77,959
Operating Grants and Contributions	97,863
<b>Total Program Receipts</b>	<b>\$175,822</b>
General Receipts:	
Property and Other Local Taxes	1,426,389
Other Taxes	66,019
Sale of Notes	65,852
Grants and Entitlements Not Restricted to Specific Programs	425,229
Interest	10,260
Miscellaneous	21,990
<b>Total General Receipts</b>	<b>\$2,015,739</b>
<b>Total Receipts</b>	<b>\$2,191,561</b>
Disbursements:	
General Government	214,342
Public Safety	1,045,909
Public Works	521,531
Health	25,898
Human Services	8,000
Capital Outlay	192,496
Principal Retirement	141,148
Interest and Fiscal Charges	102,951
<b>Total Disbursements</b>	<b>\$2,252,275</b>
<b>Increase (Decrease) in Net Assets</b>	<b>-\$60,714</b>
Net Assets, January 1, 2004	\$1,223,985
<b>Net Assets, December 31, 2004</b>	<b>\$1,163,271</b>

Program receipts represent only 8% of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 92% of the Township's total receipts, and of this amount, over 71% are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (21%). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of administration and the road department. Since these costs do not represent direct services to residents, we try to limit these costs.

St. Clair Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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Public Safety expenses are the costs of police and fire protection; Public Works are the costs of maintaining the roads; Health Services are the services provided by the Columbiana County Health Department; and Debt Service are the payments made to retire outstanding debt of the Township.

**Governmental Activities**

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 46% and 23% percent of all governmental disbursements, respectively. General government also represents a significant cost, about 10 percent. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2004	Net Cost of Services 2004
	2004	2004
General Government	\$214,342	\$214,342
Public Safety	1,045,909	1,031,655
Public Works	521,531	408,871
Health	25,898	25,898
Human Services	8,000	8,000
Other	-	(48,908)
Capital Outlay	192,496	192,496
Debt Services	244,099	244,099
Total Expenses	\$2,252,275	\$2,076,453

The dependence upon property tax receipts is apparent as over 72% percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$2,191,561 and disbursements of \$2,252,275. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$57,265 as the result of increased need to supplement the Excise Lodging Tax fund, which is used to make the payment on the new administration building.

St. Clair Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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General Fund receipts were less than disbursements by \$57,265 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2005 including cuts in public works expenditures in the general fund.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2004, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were higher than the original budgeted receipts due to unexpected estate tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$621,236 while actual disbursements were \$513,174. At year end, the Township spent approximately 83% of the budgeted amounts.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township keeps track of its capital assets and infrastructure. The capital assets are recorded in the UAN inventory module. The infrastructure is kept separately in a Township Road plan manual.

**Debt**

At December 31, 2004, the Township's outstanding debt included a balance of \$863,709 on a mortgage with 1<sup>st</sup> NC Bank to pay for the construction of the new administration building, which was constructed in 2002; \$43,902 the balance on a mortgage with Bank One to pay for the purchase of a 2004 Dump Truck; \$250,000 and \$1,372,722 the balances on a mortgage with State Infrastructure Bank (ODOT) to construct McGuffey Drive. For further information regarding the Township's debt, refer to Note 9 (Debt) to the basic financial statements.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on property taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2005; therefore, the finance committee and the administration implemented a strategy to delay the deficit. This plan became effective for 2005. We reviewed our sources of revenue and determined that the trustees could levy to have a permissive motor vehicle license tax implemented. The trustees went through the proper process and have implemented a \$5 license plate fee that will increase the revenue for public works by approximately \$44,000 per year. This will help the public works program as the general fund has to supplement the TIF District fund and the Excise Lodging Tax fund. These funds pay for McGuffey Drive and the mortgage on the new administration building. The Road Department has been informed that the General Fund will no longer be able to supplement their funding to the level it has in the past due to the debt outstanding at this time.

St. Clair Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deborah Dawson, St. Clair Township Fiscal Officer, 15442 Pugh Road, Calcutta, Ohio 43920.

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**St. Clair Township, Columbiana County**

*Statement of Net Assets - Cash Basis*

*December 31, 2004*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,163,271</u>
<i>Total Assets</i>	<u><u>\$1,163,271</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$77,385
Debt Service	1
Other Purposes	765,561
Unrestricted	<u>320,324</u>
<i>Total Net Assets</i>	<u><u>\$1,163,271</u></u>

See accompanying notes to the basic financial statements

**St. Clair Township, Columbiana County**

*Statement of Activities - Cash Basis*

*For the Year Ended December 31, 2004*

		Program Cash Receipts	
	Cash	Charges	Operating
	Disbursements	for Services and Sales	Grants and Contributions
<b>Governmental Activities</b>			
General Government	\$214,342		
Public Safety	1,045,909	14,254	
Public Works	521,531	14,797	97,863
Health	25,898		
Human Services	8,000		
Other		48,908	
Capital Outlay	192,496		
Debt Service	244,099		
	2,252,275	77,959	97,863
<i>Total Governmental Activities</i>	2,252,275	77,959	97,863
<b>Total</b>	\$2,252,275	\$77,959	\$97,863

**General Receipts**

Property Taxes Levied for:  
     General Purposes  
 Grants and Entitlements not  
     Restricted to Specific Programs  
 Notes Issued  
 Interest  
 Miscellaneous

*Total General Receipts*

Change in Net Assets

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts  
and Changes in Net Assets

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Governmental Activities	Total
(\$214,342)	(\$214,342)
(1,031,655)	(1,031,655)
(408,871)	(408,871)
(25,898)	(25,898)
(8,000)	(8,000)
48,908	48,908
(192,496)	(192,496)
(244,099)	(244,099)
(2,076,453)	(2,076,453)
(2,076,453)	(2,076,453)
1,492,408	1,492,408
425,229	425,229
65,852	65,852
10,260	10,260
21,990	21,990
2,015,739	2,015,739
(60,714)	(60,714)
1,223,985	1,223,985
\$1,163,271	\$1,163,271

**St. Clair Township, Columbiana County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2004*

	General	Road and Bridge	Police Levy	Fire Levy	T.I.F. District
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$320,324	\$229,376	\$426,661	\$31,460	\$49,900
<i>Total Assets</i>	<u>\$320,324</u>	<u>\$229,376</u>	<u>\$426,661</u>	<u>\$31,460</u>	<u>\$49,900</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$532	\$1,416	\$4,958		
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	319,792				
Special Revenue Funds		227,960	421,703	31,460	
Debt Service Fund					
Capital Projects Funds					49,900
<i>Total Fund Balances</i>	<u>\$320,324</u>	<u>\$229,376</u>	<u>\$426,661</u>	<u>\$31,460</u>	<u>\$49,900</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$105,550	\$1,163,271
<u>\$105,550</u>	<u>\$1,163,271</u>
	\$6,906
	319,792
78,064	759,187
1	1
27,485	77,385
<u>\$105,550</u>	<u>\$1,163,271</u>

**St. Clair Township, Columbiana County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2004*

	General	Road & Bridge	Police Levy	Fire Levy	T.I.F. District	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$119,729	\$263,519	\$718,045	\$248,591	\$79,754	\$62,770	\$1,492,408
Charges for Services			735				735
Licenses, Permits and Fees	48,058					1,794	49,852
Fines and Forfeitures	12,923					596	13,519
Intergovernmental	263,660	35,614	93,427	32,811		111,432	536,944
Interest	7,152					3,108	10,260
Other	4,052	1,281	8,408			8,250	21,991
<i>Total Receipts</i>	<u>455,574</u>	<u>300,414</u>	<u>820,615</u>	<u>281,402</u>	<u>79,754</u>	<u>187,950</u>	<u>2,125,709</u>
<b>Disbursements</b>							
Current:							
General Government	198,721					15,622	214,343
Public Safety	480		767,276	273,475		4,678	1,045,909
Public Works	165,111	223,903				132,517	521,531
Health	25,897						25,897
Human Services						8,000	8,000
Capital Outlay	68,655	65,529	34,132			24,180	192,496
Debt Service:							
Principal Retirement		21,951			70,407	42,170	134,528
Interest and Fiscal Charges		1,389			71,247	36,935	109,571
<i>Total Disbursements</i>	<u>458,864</u>	<u>312,772</u>	<u>801,408</u>	<u>273,475</u>	<u>141,654</u>	<u>264,102</u>	<u>2,252,275</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,290)</u>	<u>(12,358)</u>	<u>19,207</u>	<u>7,927</u>	<u>(61,900)</u>	<u>(76,152)</u>	<u>(126,566)</u>
<b>Other Financing Sources (Uses)</b>							
Notes Issued		65,852					65,852
Transfers In						53,975	53,975
Transfers Out	(53,975)						(53,975)
<i>Total Other Financing Sources (Uses)</i>	<u>(53,975)</u>	<u>65,852</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,975</u>	<u>65,852</u>
<i>Net Change in Fund Balances</i>	<u>(57,265)</u>	<u>53,494</u>	<u>19,207</u>	<u>7,927</u>	<u>(61,900)</u>	<u>(22,177)</u>	<u>(60,714)</u>
<i>Fund Balances Beginning of Year</i>	<u>377,589</u>	<u>175,881</u>	<u>407,454</u>	<u>23,533</u>	<u>111,800</u>	<u>127,728</u>	<u>1,223,985</u>
<i>Fund Balances End of Year</i>	<u>\$320,324</u>	<u>\$229,375</u>	<u>\$426,661</u>	<u>\$31,460</u>	<u>\$49,900</u>	<u>\$105,551</u>	<u>\$1,163,271</u>

See accompanying notes to the basic financial statements

**St. Clair Township, Columbiana County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$118,051	\$109,209	\$119,729	\$10,520
Licenses, Permits and Fees	45,013	48,058	48,058	0
Fines and Forfeitures	12,902	12,923	12,923	0
Intergovernmental	167,933	263,661	263,661	0
Interest	5,000	7,152	7,152	0
Other	2,000	4,051	4,051	0
<i>Total receipts</i>	<u>350,899</u>	<u>445,054</u>	<u>455,574</u>	<u>10,520</u>
<b>Disbursements</b>				
Current:				
General Government	247,220	247,703	199,054	48,649
Public Safety	500	500	480	20
Public Works	93,219	215,014	165,111	49,903
Health	25,898	25,898	25,898	0
Capital Outlay	8,059	77,154	68,656	8,498
<i>Total Disbursements</i>	<u>374,896</u>	<u>566,269</u>	<u>459,199</u>	<u>107,070</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,997)</u>	<u>(121,215)</u>	<u>(3,625)</u>	<u>117,590</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(32,500)	(54,967)	(53,975)	992
<i>Total Other Financing Sources (Uses)</i>	<u>(32,500)</u>	<u>(54,967)</u>	<u>(53,975)</u>	<u>992</u>
<i>Net Change in Fund Balance</i>	(56,497)	(176,182)	(57,600)	118,582
<i>Fund Balance Beginning of Year</i>	376,907	376,907	376,907	0
Prior Year Encumbrances Appropriated	483	483	483	0
<i>Fund Balance End of Year</i>	<u><u>\$320,893</u></u>	<u><u>\$201,208</u></u>	<u><u>\$319,790</u></u>	<u><u>\$118,582</u></u>

See accompanying notes to the basic financial statements

**St. Clair Township, Columbiana County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$249,752	\$262,271	\$263,519	\$1,248
Intergovernmental	28,400	35,614	35,614	0
Other		1,281	1,281	0
<i>Total receipts</i>	278,152	299,166	300,414	1,248
<b>Disbursements</b>				
Current:				
Public Works	292,890	297,467	225,319	72,148
Capital Outlay	62,664	79,257	65,528	13,729
Debt Service:				
Principal Retirement	21,951	21,951	21,951	0
Interest and Fiscal Charges	1,389	1,389	1,389	0
<i>Total Disbursements</i>	378,894	400,064	314,187	85,877
<i>Excess of Receipts Over (Under) Disbursements</i>	(100,742)	(100,898)	(13,773)	87,125
<b>Other Financing Sources (Uses)</b>				
Sale of Notes		65,852	65,852	0
<i>Total Other Financing Sources (Uses)</i>	0	65,852	65,852	0
<i>Net Change in Fund Balance</i>	(100,742)	(35,046)	52,079	87,125
<i>Fund Balance Beginning of Year</i>	154,711	154,711	154,711	0
Prior Year Encumbrances Appropriated	21,170	21,170	21,170	0
<i>Fund Balance End of Year</i>	\$75,139	\$140,835	\$227,960	\$87,125

See accompanying notes to the basic financial statements



**St. Clair Township, Columbiana County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Police District Fund*  
*For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$664,997	\$686,842	\$718,045	\$31,203
Charges for Services		735	735	0
Intergovernmental	79,692	93,427	93,427	0
Other		8,408	8,408	0
<i>Total receipts</i>	<u>744,689</u>	<u>789,412</u>	<u>820,615</u>	<u>31,203</u>
<b>Disbursements</b>				
Current:				
Public Safety	1,118,011	1,121,004	772,235	348,769
Capital Outlay	34,132	34,132	34,132	0
<i>Total Disbursements</i>	<u>1,152,143</u>	<u>1,155,136</u>	<u>806,367</u>	<u>348,769</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(407,454)</u>	<u>(365,724)</u>	<u>14,248</u>	<u>379,972</u>
<i>Net Change in Fund Balance</i>	(407,454)	(365,724)	14,248	379,972
<i>Fund Balance Beginning of Year</i>	404,461	404,461	404,461	0
Prior Year Encumbrances Appropriated	<u>2,993</u>	<u>2,993</u>	<u>2,993</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$41,730</u>	<u>\$421,702</u>	<u>\$379,972</u>

See accompanying notes to the basic financial statements

**St. Clair Township, Columbiana County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire Levy Fund*  
*For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$231,682	\$235,273	\$248,591	\$13,318
Intergovernmental	28,659	32,811	32,811	0
<i>Total receipts</i>	<u>260,341</u>	<u>268,084</u>	<u>281,402</u>	<u>13,318</u>
<b>Disbursements</b>				
Current:				
Public Safety	283,874	283,874	273,475	10,399
<i>Total Disbursements</i>	<u>283,874</u>	<u>283,874</u>	<u>273,475</u>	<u>10,399</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,533)</u>	<u>(15,790)</u>	<u>7,927</u>	<u>23,717</u>
<i>Net Change in Fund Balance</i>	(23,533)	(15,790)	7,927	23,717
<i>Fund Balance Beginning of Year</i>	<u>23,533</u>	<u>23,533</u>	<u>23,533</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$7,743</u>	<u>\$31,460</u>	<u>\$23,717</u>

See accompanying notes to the basic financial statements

St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 1 – Reporting Entity**

St. Clair Township, Columbiana County, Ohio (the Township), is a body politic and corporate established March 5, 1805 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges and provides a police department for police protection. The Township contracts with the Calcutta and Glenmoor Volunteer Fire Departments' for fire protection services.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The organization is:

Public Entity Risk Pool:

*OTARMA-Ohio Township Association Risk Management Authority*

The financial statements exclude the following entities, which perform activities within the Township's boundaries for the benefit of its residents because the Township is not financially accountable for these entities nor are they fiscally dependent on the Township:

*Calcutta Volunteer Fire Department Association*

*Glenmoor Volunteer Fire Department Association*

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

St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All Township funds are classified as governmental.

St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund – The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road & Bridge – The road and bridge fund receives tax revenue which is used for public works expenditures.

Police Levy – The police levy fund receives tax revenue which is used to provide police protection to the residents of the township.

Fire Levy – The fire levy fund receives revenue for the fire protection services provided by Calcutta and Glenmor Volunteer Fire Departments.

T.I.F. District – The T.I.F. district fund receives tax revenue for the payment of debt.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 2 – Summary of Significant Accounting Policies** (continued)

The appropriations ordinance is the Township’s authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. 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 negative receipts (contra revenue), respectively.

During 2004, the Township’s investments were limited to Repurchase Agreements and STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2004.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2004 was \$7,152.

**F. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**G. Capital Assets**

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

**H. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements

**I. Accumulated Leave**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that a portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, road & bridge fund, policy levy fund and fire levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$532 for the general fund and \$6,375 for major special revenue funds.

**Note 5 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 5 - Deposits and Investments** (continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had no undeposited cash on hand.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At year end, the carrying amount of the Township's deposits was \$1,163,271 and the bank balance was \$1,280,347. Of the bank balance \$100,000 was covered by federal depository insurance and \$1,180,347 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 5 - Deposits and Investments** (continued)

The Township's investments are required to be categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the Township's name. The investments in Repurchase Agreements are classified in category three. Investments in STAR Ohio are not classified since they are not evidenced by securities that exist in physical or book-entry form.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002 were levied after October 1, 2003 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2004, was \$ 16.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	
Residential	\$ 89,862,120
Agriculture	4,308,700
Commercial/Industrial/Mineral	34,361,660
Public Utility Property	
Personal	5,743,920
Tangible Personal Property	10,191,640
Total Assessed Value	<u>\$ 144,468,040</u>

St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 7 – Risk Management**

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

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

The Government 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 claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

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 in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP’s Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003.

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 8 – Defined Benefit Pension Plan**

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 plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2004.

**Note 9 - Debt**

A summary of the debt transactions for the year ended December 31, 2004, follows:

	Interest Rate	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004
<u>Governmental Activities</u>					
2004 Note – Truck	3.15 %	\$ 0	\$ 65,853	\$ (21,951)	\$ 43,902
2002 State Infrastructure Loan	4.00 %	250,000	0	(0)	250,000
2002 State Infrastructure Loan	4.00 %	1,443,129	0	(70,407)	1,372,722
2002 Note – Administrative Bld	4.25 %	905,879	0	(42,170)	863,709
		<u>\$ 2,599,008</u>	<u>\$ 65,853</u>	<u>(\$ 134,528)</u>	<u>\$ 2,530,333</u>

The following is a summary of the Township’s future annual debt service requirements:

Year	General Obligation Notes	
	Principal	Interest
2005	\$ 137,920	\$ 101,783
2006	142,917	96,832
2007	126,179	90,863
2008	1,441,141	85,711
2009	50,405	28,700
2010 – 2014	643,143	52,666
Totals	<u>\$ 2,541,705</u>	<u>\$ 456,555</u>

There is a balloon payment on the mortgage for the construction of McGuffey Drive in 2008. The township will then refinance the \$1,440,035 balance. There is also a balloon payment on the mortgage for the purchase, renovation and construction of the new Township Administration Building in 2012. The township will then refinance the \$519,186 balance. The last annual payment on the mortgage for the purchase of the 2004 International truck is in 2006. The Township will fund the debt with tax revenues.

St. Clair Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004

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**Note 10 – Interfund Transfers**

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Fund	<u>\$ 53,975</u>
Total Transfers from the General Fund	<u><u>\$ 53,975</u></u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 11 – Subsequent Events**

The township trustees sold the old administration building for the sum of \$80,828.00 to Bowyer Brothers. The trustees also levied a Permissive Motor Vehicle License Tax of \$5.00, which will generate approximately \$44,000 per year for public works expenditures. The township received FEMA grant money in the amount of \$181,050.00 for the repair and new construction of a portion of Midland-Fredericktown Road, which slipped over a huge hillside due to the intense rainy season.

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## Auditor of State Betty Montgomery

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

St. Clair Township  
Columbiana County  
15442 Pugh Road  
Calcutta, Ohio 43920

To the Board Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Clair Township (the Township) as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 9, 2006, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

#### **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 that we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated August 9, 2006, we reported a matter related to noncompliance we deemed immaterial.

St. Clair Township  
Columbiana County  
Independent Accountants' Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the management and Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 9, 2006





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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Columbus, Ohio 43216-1140

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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  
JANUARY 16, 2007**