



Mary Taylor, CPA  
Auditor of State



ST. CLAIR TOWNSHIP  
BUTLER COUNTY

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Mary Taylor, CPA  
Auditor of State

St. Clair Township  
Butler County  
P.O. Box 123  
Overpeck, Ohio 45055

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

December 17, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

St. Clair Township  
Butler County  
P.O. Box 123  
Overpeck, Ohio 45055

To the Board of Trustees:

We have audited the accompanying financial statements of St. Clair Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008, or its changes in financial position for the years then ended.

Also, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of St. Clair Township, Butler County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009, 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.



**Mary Taylor, CPA**  
Auditor of State

December 17, 2009



**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$57,833	\$407,258	\$0	\$465,091
Charges for Services		167,452		167,452
Licenss, Permits, and Fees	64,752	48,828		113,580
Intergovernmental	188,891	508,469		697,360
Special Assessments		210,560		210,560
Earnings on Investments	36,846	8,393		45,239
Miscellaneous	9,683	49,194		58,877
<b>Total Cash Receipts</b>	<u>358,005</u>	<u>1,400,154</u>	<u>0</u>	<u>1,758,159</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	307,722	428,342		736,064
Public Safety		48,298		48,298
Public Works	29,326	611,770	5,000	646,096
Capital Outlay		21,294	3,775	25,069
Debt Service:				
Redemption of Principal	11,601	60,358		71,959
Interest and Other Fiscal Charges	6,517	13,116		19,633
<b>Total Cash Disbursements</b>	<u>355,166</u>	<u>1,183,178</u>	<u>8,775</u>	<u>1,547,119</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>2,839</u>	<u>216,976</u>	<u>(8,775)</u>	<u>211,040</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		15,844		15,844
Transfers-Out	(15,844)			(15,844)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(15,844)</u>	<u>15,844</u>	<u>0</u>	<u>(0)</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(13,005)	232,820	(8,775)	211,040
Fund Cash Balances, January 1	148,921	889,195	9,808	1,047,924
<b>Fund Cash Balances, December 31</b>	<u><b>\$135,916</b></u>	<u><b>\$1,122,015</b></u>	<u><b>\$1,033</b></u>	<u><b>\$1,258,964</b></u>
Reserve for Encumbrances, December 31	<u>\$5,000</u>	<u>\$9,248</u>	<u>\$0</u>	<u>\$14,248</u>

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

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$64,276	\$459,618	\$0	\$0	\$523,894
Charges for Services		141,957			141,957
Licenses, Permits, and Fees	40,317	48,434			88,751
Intergovernmental	255,129	267,786			522,915
Special Assessments		192,313			192,313
Earnings on Investments	41,255	4,314			45,569
Miscellaneous	6,999	47,759			54,758
<b>Total Cash Receipts</b>	<u>407,976</u>	<u>1,162,181</u>	<u>0</u>	<u>0</u>	<u>1,570,157</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	309,520	452,016		30,000	791,536
Public Safety		35,180			35,180
Public Works	8,523	569,863			578,386
Health		227			227
Capital Outlay	188,207	285,400	301,788	75,192	850,587
Debt Service:					
Redemption of Principal	3,743				3,743
Interest and Other Fiscal Charges	2,296	3,926			6,222
<b>Total Cash Disbursements</b>	<u>512,289</u>	<u>1,346,612</u>	<u>301,788</u>	<u>105,192</u>	<u>2,265,881</u>
Total Receipts (Under) Disbursements	<u>(104,313)</u>	<u>(184,431)</u>	<u>(301,788)</u>	<u>(105,192)</u>	<u>(695,724)</u>
<b>Other Financing Receipts:</b>					
Other Debt Proceeds	144,000		301,788		445,788
<b>Total Other Financing Receipts</b>	<u>144,000</u>	<u>0</u>	<u>301,788</u>	<u>0</u>	<u>445,788</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	39,687	(184,431)	0	(105,192)	(249,936)
Fund Cash Balances, January 1	109,234	1,073,626		115,000	1,297,860
<b>Fund Cash Balances, December 31</b>	<u><b>\$148,921</b></u>	<u><b>\$889,195</b></u>	<u><b>\$0</b></u>	<u><b>\$9,808</b></u>	<u><b>\$1,047,924</b></u>
Reserve for Encumbrances, December 31	<u>\$361</u>	<u>\$9,238</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,599</u>

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

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of St. Clair Township, Butler County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, waste collections, fire protection and emergency medical services.

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

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Deposits**

The Township values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

Garbage and Waste Disposal Fund - This fund receives special assessment money to pay for collection and disposal of Township residential waste.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$447,348	\$273,716
Certificates of deposit	811,616	774,208
Total deposits	<u>1,258,964</u>	<u>1,047,924</u>

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

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$290,838	\$358,005	\$67,167
Special Revenue	1,364,877	1,415,998	51,121
Capital Projects	0	0	0
Total	\$1,655,715	\$1,774,003	\$118,288

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$397,039	\$376,010	\$21,029
Special Revenue	1,331,234	1,192,426	138,808
Capital Projects	9,808	8,775	1,033
Total	\$1,738,081	\$1,577,211	\$160,870

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$390,450	\$551,976	\$161,526
Special Revenue	1,191,088	1,162,181	(28,907)
Debt Service	409,255	301,788	(107,467)
Capital Projects	0	0	0
Total	\$1,990,793	\$2,015,945	\$25,152

9			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$462,687	\$512,650	(\$49,963)
Special Revenue	1,419,602	1,355,850	63,752
Debt Service	409,255	301,788	107,467
Capital Projects	110,000	105,192	4,808
Total	\$2,401,544	\$2,275,480	\$126,064

Contrary to Ohio law, the Township had expenditures exceeding appropriations.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. Property Tax**

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. Debt**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Fire Truck Loan	\$241,430	4.46%
Overpeck Building Loan	128,656	4.75%
Total	\$370,086	

The Township obtained a commercial loan to finance the purchase of a fire truck for the Township fire department. The truck was used as collateral. The Township did not receive an invoice for the debt payment in 2007 until 2008. Therefore, the 2007 payment per the amortization schedule was made in fiscal year 2008 and the fiscal year 2008 payment was made during fiscal year 2009.

The Township obtained a commercial loan to finance the purchase of a building for the Township.

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

	Fire Truck Loan	Building Loan
Year ending December 31:		
2009	\$139,850	\$18,118
2010	65,816	18,118
2011	63,087	18,118
2012		18,118
2013		18,118
2014-2018		64,757
Total	\$268,754	\$155,347

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**7. Risk Management**

**Risk Pool Membership**

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006 (the latest information available).

	<b>2007</b>	<b>2006</b>
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$6,862,902	\$6,290,528

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**8. Compliance**

Contrary to Ohio law, the Township had expenditures exceeding appropriations.

Contrary to Ohio law, the Township had appropriations exceeding unencumbered fund balance plus actual receipts.





# Mary Taylor, CPA

Auditor of State

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

St. Clair Township  
Butler County  
P.O. Box 123  
Overpeck, Ohio 45055

To the Board of Trustees:

We have audited the financial statements of St. Clair Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated December 17, 2009 we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Lemon Township. 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-003 through 2008-004 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding number 2008-004 is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated December 17, 2009.

### **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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 and 2008-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 17, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

December 17, 2009

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Noncompliance Citation**

**Ohio Rev. Code, Section 5705.41(B)**, prohibits a subdivision or taxing unit to expend money unless it has been appropriated.

Budgetary expenditures exceeded appropriations for the year ended December 31, 2008 and 2007 as follows:

	<b>Fund #</b>	<b>Fund Name</b>	<b>Appropriation Authority</b>	<b>Total Expenditures</b>	<b>Difference</b>
<b>2008</b>	2031	Road & Bridge	\$ 313,980	\$ 346,072	\$ 32,092
	2071	Garbage Removal	\$ 189,571	\$ 194,014	\$ 4,443
<b>2007</b>	1000	General Fund	\$ 462,687	\$ 512,651	\$ 49,964
	2021	Gasoline Tax Fund	\$ 99,500	\$ 105,668	\$ 6,168
	2031	Road & Bridge	\$ 311,283	\$ 314,943	\$ 3,660
	2111	Fire Fund	\$ 187,771	\$ 260,103	\$ 72,332

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources, and result in deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**FINDING NUMBER 2008-002**

**Noncompliance Citation**

**Ohio Revised Code, Section 5705.36(A)(4)**, states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. During fiscal year 2007, Fund 3901, Bond Retirement – Fire, had appropriations exceeding unencumbered fund balance plus actual receipts by \$107,467. Failure to monitor revenue and expenditure may result in overspending and negative fund balances. We recommend that the Township monitor revenue and expenditures and obtain a reduced amended certificate if revenue is expected to be less than appropriations.

**FINDING NUMBER 2008-003**

**Significant Deficiency**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. The Township failed to properly post estimated resources and appropriations to their UAN accounting system. The following differences were noted between the system and the approved budgetary documents each fiscal year:

<b>Estimated Resources</b>	<b>Per Certificate of Estimated Resources</b>	<b>Amount Posted to System</b>	<b>Variance</b>
General Fund - 2007	\$ 390,450	\$ 373,712	\$ (16,737)
Motor Vehicle License Tax Fund - 2007	\$ 20,205	\$ 15,000	\$ (5,205)
Gasoline Tax Fund - 2007	\$ 82,000	\$ 94,000	\$ 12,000
Fire Fund – 2007	\$ 102,113	\$ 181,900	\$ 79,787
Life Squad Fund - 2007	\$ 129,697	\$ 135,350	\$ 5,653
Bond Retirement Fire - 2007	\$ 409,255	\$ 301,877	\$ (107,378)
Lighting District - 2007	\$ 14,124	\$ 12,168	\$ (1,956)
Road and Bridge Fund - 2008	\$ 304,310	\$ 293,500	\$ (10,810)
Road District Fund - 2008	\$ 34,866	\$ 29,550	\$ (5,316)

<b>Appropriations</b>	<b>Per Appropriation Resolution</b>	<b>Amount Posted to System</b>	<b>Variance</b>
Gasoline Tax Fund - 2007	\$ 99,500	\$ 111,500	\$ 12,000
Road and Bridge Fund - 2007	\$ 310,990	\$ 328,490	\$ 17,500
Fire Fund – 2007	\$ 187,759	\$ 292,901	\$ 105,142
Bond Retirement Fire - 2007	\$ 409,255	\$ 308,607	\$ (100,648)
Capital Equipment Fire - 2007	\$ 25,000	\$ 21,535	\$ (3,465)
General Fund - 2008	\$ 396,678	\$ 407,555	\$ 10,878
Road and Bridge Fund - 2008	\$ 313,880	\$ 351,835	\$ 37,955
Garbage and Waste Disposal Fund – 2008	\$ 189,571	\$ 194,014	\$ 4,443

Failure to properly post estimated receipts and appropriations could result in excessive spending and possible negative fund balances. We recommend the Township properly post estimated resources and appropriations to their budgetary ledgers. Once posted, the Fiscal Officer and the Trustees should compare the estimated resources and appropriations on the accounting system to the official documents.

## FINDING NUMBER 2008-004

### Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that all transactions are properly authorized in accordance with management's policies and ensure that accounting records are properly designed. In doing so management should ensure that all transactions are properly classified and recorded on the books and in the annual report to ensure that accounting records are accurate as to the type of revenue that is received, the type of disbursement made, or the fund that disbursements and transfers are made from.

The Township lacked management oversight in the proper recording of intergovernmental revenue and debt transactions. This lack of oversight is illustrated by the following:

- During 2007, a new loan in the General Fund (Fund 1000) and the capital expenditure related to the loan were not recorded in the Township's financial records in the amount of \$144,000.
- During 2007, the personal property tax reimbursement and 10K personal property tax exemption was posted to taxes line item instead of intergovernmental revenue line in the amount of \$15,503 in the General Fund (Fund 1000), \$59,017 in the Road and Bridge Fund (Fund 2031), \$6,197 in the Road Fund (Fund 2141), \$36,886 in the Fire Fund (Fund 2111), and \$15,078 in the Life Squad Fund (Fund 2191).
- During 2007, one of the 10K personal property tax reimbursements was posted entirely to the General Fund (Fund 1000) to the miscellaneous line item. The following amounts were adjusted: \$258 to the Road and Bridge Fund (Fund 2031), \$27 to the Road Fund (Fund 2141), \$161 to the Fire Fund (Fund 2111), and \$76 to the Life Squad Fund (Fund 2191).
- During 2007, one Senate Bill #3 receipt was misposted to the Road and Bridge Fund (Fund 2031) and should have been posted to the Road Fund (Fund 2141) in the amount of \$167.
- During 2007, one insurance reimbursement was misposted to the Road and Bridge Fund (Fund 2031) and should have been posted to the General Fund (Fund 1000) in the amount of \$1,095.
- During 2007, one Permissive Motor Vehicle Tax receipt - Intergovernmental (Fund 2231) was misposted to the Motor Vehicle License Tax Fund (Fund 2011) in the amount of \$530 and one Motor Vehicle License Tax (Fund 2011) receipt was misposted to the Permissive Motor Vehicle License Tax Fund (Fund 2231) in the amount of \$899.
- During 2007, an intangible tax for local government funding was misposted to the Motor Vehicle License Tax Fund (Fund 2011) instead of the General Fund (Fund 1000) in the amount of \$1,121.
- During 2008, the personal property tax reimbursement was posted to taxes line item instead of intergovernmental revenue line in the amount of \$21,068 in the General Fund (Fund 1000), \$80,210 in the Road and Bridge Fund (Fund 2031), \$8,422 in the Road Fund (Fund 2141), \$50,131 in the Fire Fund (Fund 2111), and \$20,506 in the Life Squad Fund (Fund 2191).
- During 2008, a special assessment receipt for the Lighting District Fund (Fund 2401) was misposted to the General Fund (Fund 2011) in the amount of \$1,697.

Various and numerous errors were noted in the Township's receipt and disbursements ledgers. Because of the aggregate number of these errors, the Township's financial statements were materially misstated. Numerous adjustments to the receipt ledger and financial statements were necessary in order to accurately reflect the intergovernmental, taxes, special assessments, and miscellaneous receipts received by the Township.

**FINDING NUMBER 2008-004  
(Continued)**

The Township posted adjustments to the accompanying financial statements and accounting records for the above items.

Any new debt incurred should be recognized as proceeds of debt for the gross amount received. Any payments made on behalf of the Township needs to be recorded as expenditures.

To improve recordkeeping and accountability of intergovernmental revenues, we recommend that the Fiscal Officer use due care to more accurately post the Township's receipts and disbursements in order to present the most accurate financial status of the Township. The receipt and disbursement ledgers are utilized in the preparation of the Township's financial report and should accurately reflect the financial position of the Township in order for the Board of Trustees to make appropriate management decisions. This lack of proper management oversight resulted in material misstatement to the financial records and statements of the Township.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Finding for Recovery – Repaid Under Audit	Yes	Repaid March 11, 2008.
2006-002	ORC 5705.41(B) Expenditures Exceeding Appropriations	No	Repeated as Finding 2008-001
2006-003	Debt Payments improperly posted	No	Partially Corrected – Repeated in Finding 2008-004
2006-004	Misposting of Revenue and Disbursements	No	Partially Corrected – Repeated in Finding 2008-004







Mary Taylor, CPA  
Auditor of State

**ST. CLAIR TOWNSHIP**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 5, 2010**