

428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
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121 E Main St  
St. Clairsville, OH 43950  
740.695.1569



Certified Public Accountants, A.C.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY  
Regular Audit**

**For the Years Ended December 31, 2013 and 2012**

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# Dave Yost • Auditor of State

Board of Trustees  
St. Clair Township  
2449 Jackson Road  
Hamilton, OH 45011

We have reviewed the *Independent Auditor's Report* of St. Clair Township, Butler County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. St. Clair Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

November 2, 2015

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ST. CLAIR TOWNSHIP  
BUTLER COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 24, 2015

St. Clair Township  
Butler County  
2449 Jackson Road  
Hamilton, OH 45011

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of **St. Clair Township**, Butler County, (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.



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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of St. Clair Township, Butler County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Emphasis of Matter***

As disclosed in Note 10, on May 15, 2014, the Auditor of State declared the Township to be in a state of fiscal emergency in accordance with Section 118.03 of the Ohio Revised Code. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 75,947	\$ 523,737	\$ 599,684
Charges for Services	-	196,452	196,452
Licenses, Permits and Fees	44,672	46,577	91,249
Fines and Forfeitures	27	-	27
Intergovernmental	158,160	144,984	303,144
Special Assessments	-	225,907	225,907
Earnings on Investments	149	30	179
Miscellaneous	9,170	35,548	44,718
<i>Total Cash Receipts</i>	<u>288,125</u>	<u>1,173,235</u>	<u>1,461,360</u>
<b>Cash Disbursements</b>			
Current:			
General Government	343,374	14,301	357,675
Public Safety	-	316,257	316,257
Public Works	9,546	660,340	669,886
Health	5,530	68,546	74,076
Capital Outlay	-	48,764	48,764
Debt Service:			
Principal Retirement	-	44,795	44,795
Interest and Fiscal Charges	-	3,967	3,967
<i>Total Cash Disbursements</i>	<u>358,450</u>	<u>1,156,970</u>	<u>1,515,420</u>
<i>Net Change in Fund Cash Balances</i>	(70,325)	16,265	(54,060)
<i>Fund Cash Balances, January 1</i>	<u>(119,819)</u>	<u>940,602</u>	<u>820,783</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	996,408	996,408
Unassigned (Deficit)	<u>(190,144)</u>	<u>(39,541)</u>	<u>(229,685)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ (190,144)</u></u>	<u><u>\$ 956,867</u></u>	<u><u>\$ 766,723</u></u>

The accompanying notes are an integral part of the Financial Statements.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 87,605	\$ 602,502	\$ 690,107
Charges for Services	-	74,624	74,624
Licenses, Permits and Fees	44,142	32,833	76,975
Fines and Forfeitures	124	-	124
Intergovernmental	137,610	175,648	313,258
Special Assessments	-	229,553	229,553
Earnings on Investments	255	45	300
Miscellaneous	12,869	124,872	137,741
<i>Total Cash Receipts</i>	<u>282,605</u>	<u>1,240,077</u>	<u>1,522,682</u>
<b>Cash Disbursements</b>			
Current:			
General Government	406,595	79,176	485,771
Public Safety	-	260,131	260,131
Public Works	7,091	595,301	602,392
Health	5,944	76,808	82,752
Capital Outlay	69,088	81,869	150,957
Debt Service:			
Principal Retirement	-	44,713	44,713
Interest and Fiscal Charges	-	5,051	5,051
<i>Total Cash Disbursements</i>	<u>488,718</u>	<u>1,143,049</u>	<u>1,631,767</u>
<b>Other Financing Receipts/(Disbursements)</b>			
Sale of Capital Assets	-	3,631	3,631
Advances In	24,000	24,000	48,000
Advances Out	(24,000)	(24,000)	(48,000)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>-</u>	<u>3,631</u>	<u>3,631</u>
<i>Net Change in Fund Cash Balances</i>	(206,113)	100,659	(105,454)
<i>Fund Cash Balances, January 1</i>	<u>86,294</u>	<u>839,943</u>	<u>926,237</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	990,353	990,353
Committed	-	2,461	2,461
Unassigned (Deficit)	(119,819)	(52,212)	(172,031)
<i>Fund Cash Balances, December 31</i>	<u>\$ (119,819)</u>	<u>\$ 940,602</u>	<u>\$ 820,783</u>

The accompanying notes are an integral part of the Financial Statements.

**ST.CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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 a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

Public Entity Risk Pool:

Ohio Government's Plan Risk Management, Inc., a non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits**

The Township Fiscal Officer invests all available funds of the Township in interest-bearing checking accounts or certificates of deposit which are valued 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

ST. CLAIR TOWNSHIP  
BUTLER COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amount represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**2. EQUITY IN POOLED DEPOSITS**

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

	2013	2012
Demand deposits	\$ 285,701	\$ 339,840
Certificates of deposit	481,022	480,943
Total deposits	\$ 766,723	\$ 820,783

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$260,730	\$288,125	\$27,395
Special Revenue	1,154,700	1,173,235	18,535
Total	\$1,415,430	\$1,461,360	\$45,930

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$271,606	\$371,233	\$(99,627)
Special Revenue	2,087,851	1,165,782	922,069
Total	\$2,359,457	\$1,537,015	\$822,442

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$268,900	\$282,605	\$13,705
Special Revenue	1,030,014	1,243,708	213,694
Total	\$1,298,914	\$1,526,313	\$227,399

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$425,092	\$490,681	\$(65,589)
Special Revenue	1,800,049	1,147,746	652,303
Total	\$2,225,141	\$1,638,427	\$586,714

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Law, appropriations exceed total estimated resources. Unfavorable variances were noted for the General Fund, Road and Bridge Fund, and Cemetery Fund for 2012 and the General Fund, Road and Bridge Fund, Life Squad Fund, Ambulance and Emergency Medical Services Fund, and Lighting Districts Special Fund for 2013. Also contrary to Ohio Law, actual disbursements exceeded appropriations in the General Fund, Gasoline Tax Fund, Lighting Districts Special Fund, and the Road District Fund in 2013, and the General Fund, Lighting Districts Special Fund, and Life Squad Fund in 2012. Also contrary to Ohio Law, we noted negative fund balances for the General, Life Squad, Ambulance and Emergency, and Lighting District Special Funds at December 31, 2013 and 2012.

**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.

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, 2013 was as follows:

	Principal	Interest Rate
Overpeck Building Loan	\$ 62,530	4.75%
Total	\$ 62,530	

In 2007, the Township obtained a commercial loan to finance the purchase of a building for the Township. The building loan is paid from the Road and Bridge Fund. In 2011, the Township obtained a commercial loan to finance the purchase of an ambulance for the Township. The ambulance was paid off in 2013.

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

	Overpeck Building Loan
Year ending December 31:	
2014	\$ 18,249
2015	18,249
2016	18,249
2017	13,890
Total	\$ 68,637

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**7. RISK MANAGEMENT**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

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.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**7. RISK MANAGEMENT (Continued)**

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 equity at December 31, 2012 and 2013.

	<b>2012</b>	<b>2013</b>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	\$6,413,188	\$5,805,909

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

**8. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**9. RELATED PARTY TRANSACTIONS**

The Township conducted business with the following related parties during the audit period:

- In 2012, the Township acquired various items from Al Couch Supermarket in the amount of \$1,165. In 2013, the Township acquired various items from Al Couch Supermarket in the amount of \$975. Gary Couch is a Township Trustee and is the owner of this store.

**10. FISCAL EMERGENCY**

In accordance with Ohio Revised Code Chapter 118, the Township was placed under fiscal emergency by the Auditor of State on May 15, 2014, due to deficit cash fund balances in the General, Ambulance & Emergency, Life Squad, and Lighting Districts Special Funds, at December 31, 2012 and the General, Life Squad, Ambulance and Emergency, and Lighting District Special Funds At December 31, 2013. As of December 31, 2014 the Township had the following deficit cash fund balances:

Fund	Cash Balance at December 31, 2013
General	\$ (190,144)
Life Squad	(32,436)
Ambulance and Emergency	(425)
Lighting Districts Special	(6,680)
Total	\$ (229,685)



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

July 24, 2015

St. Clair Township  
Butler County  
2449 Jackson Road  
Hamilton, OH 45011

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **St. Clair Township**, Butler County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 24, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. As disclosed in Note 10, on May 15, 2014, the Village was declared by the Auditor of State to be in a state of fiscal emergency.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of audit findings to be material weaknesses.

***...“bringing more to the table”***

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support  
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



***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, opining 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 audit findings as items 2013-003 through 2013-005.

We also noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 24, 2015.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Material Weakness**

**Posting of Receipts and Disbursements**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and disbursements were not always posted correctly. The following errors were noted:

- In 2012, in the General Fund, Intergovernmental Receipts were recorded as Miscellaneous Receipts.
- In 2013, an Intergovernmental receipt in the General Fund was recorded as a Miscellaneous Receipt in the Road and Bridge Fund.
- In 2013 and 2012, Interest Payments were recorded as principal payments in the Life Squad and Road District Funds.
- In 2012, a reimbursement from the Miscellaneous Special Revenue-FEMA and the Miscellaneous Special Revenue-FEMA Fire to the Fire District Fund and the Road and Bridge Fund was incorrectly recorded.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The Township has agreed with and posted all adjustments to its accounting system. The financial statements reflect all reclassifications and adjustments.

We recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Township Handbook for guidance to determine proper establishment and posting of receipts and disbursements.

**Officials' Response** – We did not receive a response from Officials to this finding.

**FINDING NUMBER 2013-002**

**Material Weakness**

**Bank Reconciliations**

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks, deposits in transit and other reconciling items were not detailed to enable a proper reconciliation to be performed. In addition, the Township's appropriations ledger were not reconciled to the activity recorded in the Township's accounting system. The lack of proper reconciliations among the bank statements and ledger could result in numerous errors which remain undetected and/or uncorrected.

The extensive problems with these reconciliations resulted in the need for the Township to obtain detailed proofs of cash, performed by Local Government Services, for each month and a reconstruction of the cash book for the entire audit period. The Township incurred considerable fees for this service which could have been avoided.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-002 (Continued)**

**Material Weakness (Continued)**

**Bank Reconciliations (Continued)**

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Board for the Board's review and use in managing the Township. The Fiscal Officer should reconcile activity entered in the receipts ledger and appropriations ledger to the cashbook. Expenditures should be posted to those account codes as recorded on the Board approved vouchers.

**Officials' Response** – We did not receive a response from Officials to this finding.

**FINDING NUMBER 2013-003**

**Noncompliance**

**Ohio Rev. Code Section 5705.39** provides that the total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The appropriations exceeded total estimated resources for both 2013 and 2012. Unfavorable variances were noted for the General Fund, Road and Bridge Fund, and Cemetery Fund for 2012 and the General Fund, Road and Bridge Fund, Life Squad Fund, Ambulance and Emergency Medical Services Fund, and Lighting Districts Special Fund for 2013.

The Township should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

**Officials' Response** – We did not receive a response from Officials to this finding.

**FINDING NUMBER 2013-004**

**Noncompliance**

**Ohio Rev. Code Section 5705.41(B)** states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in the General Fund, Gasoline Tax Fund, Lighting Districts Special Fund, and the Road District Fund in 2013, and the General Fund, Lighting Districts Special Fund, and Life Squad Fund in 2012.

ST. CLAIR TOWNSHIP  
BUTLER COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2013-004 (Continued)

Noncompliance (Continued)

We recommend the Fiscal Officer modify appropriations with the Board of Township Trustees and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Township Clerk should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

**Officials' Response** – We did not receive a response from Officials to this finding.

FINDING NUMBER 2013-005

Noncompliance

**Ohio Revised Code Section 5705.10** requires that monies paid into any fund is used only for purposes for which such fund is established. The Township had the following negative cash fund balances:

**For the year ended December 31, 2013**

The General Fund had a negative balance of \$(190,144)

The Life Squad had a negative balance of \$(32,436)

The Ambulance and Emergency Fund had a negative balance of \$(425)

The Lighting Districts Special Fund had a negative balance of \$(6,680)

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of these funds.

We recommend fund activity should be monitored by the Fiscal Officer to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

**ST. CLAIR TOWNSHIP  
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2011-001	Did not properly certify funds before expenditures	Yes	Corrected
2011-002	Did not maintain the accounting system including budgetary data and classifying receipts and expenditures.	No	Partially Corrected, Classifying receipts and disbursements repeated as finding 2013-001
2011-003	Did not provide invoice support for several expenditures and made expenditures for individual expenses (FFA)	Yes	Corrected
2011-004	Budgetary expenditures exceeded appropriations	No	Not Corrected, repeated as Finding 2013-004
2011-005	Failed to file Form 941 with the IRS	Yes	Corrected
2011-006	Failing to design a system of internal control over financial reporting that is adequate	Yes	Corrected



# Dave Yost • 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  
NOVEMBER 17, 2015**