



**ST. CLAIR TOWNSHIP
BUTLER COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 - 2020**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
St. Clair Township
2449 Jackson Rd
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, 2020 through December 31, 2021. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding For Recovery #1:

Ohio Rev. Code, § 507.09, provides that in a Township having a budget between three million, five hundred thousand and six million, the compensation for 2021 for a Fiscal Officer elected or appointed after December 27, 2018 is to be paid \$24,646 annually.

Ohio Const. Art. II, § 20 prohibits a public officer from receiving an in-term increase in salary that results from a change by the General Assembly to the compensation scheme or compensation rates of Ohio Rev. Code § 505.24 during the public officer's term.

During 2021, Douglas Wheelright, Fiscal Officer was paid at a compensation rate higher than was allowable by Ohio Rev. Code, § 507.09. St. Clair Township Fiscal Officer Douglas Wheelright should have been compensated at the rate, as follows.

Douglas Wheelright, Fiscal Officer	2021
St. Clair Township's Budget	\$4,043,930
Total Allowable Salary	\$ 24,646
Annual Salary Amount Paid to Douglas Wheelright, Fiscal Officer	\$ 24,852
Overpayment	\$ 206

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Douglas Wheelright, St. Clair Township Fiscal Officer in the amount of \$206 in favor of St Clair Township’s General Fund in the amount of \$83, Road and Bridge Fund in the amount of \$41, Fire District Fund in the amount of \$41, Life Squad Fund in the amount of \$41.

On October 26, 2022, Douglas Wheelright repaid \$207 to the St Clair Township funds listed above.

Finding For Recovery #2:

Ohio Rev. Code Section 505.24(A) provides that a Township having a budget between three million, five hundred thousand and six million, the compensation for 2021 for a Trustee elected or appointed prior to December 27, 2018 is to be paid \$68.06 per day for not more than two hundred days, which totals \$13,612 annually.

Ohio Const. Art. II, § 20 prohibits a trustee from receiving an in-term increase in salary that results from a change by the General Assembly to the compensation scheme or compensation rates of Ohio Rev. Code § 505.24 during the trustee's term.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

During 2021, two St. Clair Township Trustees were paid at a compensation rate higher than was allowed by Ohio Rev. Code Section 505.24(A). Mr Barnes and Mr. Synder should have been paid at the compensation rate for a Township Trustee elected or appointed before December 27, 2018, resulting in an overpayment of Trustee compensation. Fiscal Officer Douglas Wheelright received or collected the money used to make the erroneous payments. St. Clair Township Trustees Thomas Barnes and John Snyder should have been compensated at the rate, as follows.

Thomas Barnes, Trustee	2021
St. Clair Township’s Budget for 2021	\$4,043,930
Annual Salary allowed for Township Trustee elected or appointed prior to December 27, 2018 for period 01/01/2021 – 12/31/2021 based on St Clair Township’s Budget	\$ 13,612
Annual Salary Amount Paid to Thomas Barnes, Trustee	\$ 14,817
Overpayment	\$1,205

John Snyder, Trustee	2021
St. Clair Township's Budget for 2021	\$4,043,930
Annual Salary allowed for Township Trustee elected or appointed prior to December 27, 2018 for period 01/01/2021 – 12/31/2021 based on St Clair Township's Budget	\$ 13,612
Annual Salary Amount Paid to John Snyder, Trustee	\$ 14,817
Overpayment	\$1,205

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against; Thomas Barnes, Township Trustee and his bonding company, Ohio Township Association Risk Management Authority and Fiscal Officer Douglas Wheelright and his bonding company, Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$1,205 in favor of St Clair Township's General Fund in the amount of \$482, Road and Bridge Fund, in the amount of \$241, Fire District Fund in the amount of \$241, and Life Squad Fund in the amount of \$241.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is also hereby issued against; John Snyder, Township Trustee and his bonding company, Ohio Township Association Risk Management Authority and Fiscal Officer Douglas Wheelright and his bonding company, Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$1,205 in favor of St Clair Township's General Fund in the amount of \$482, Road and Bridge Fund, in the amount of \$241, Fire District Fund in the amount of \$241, and Life Squad Fund in the amount of \$241.

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.



Keith Faber
 Auditor of State
 Columbus, Ohio

December 19, 2022

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ST. CLAIR TOWNSHIP
BUTLER COUNTY

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313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of St. Clair Township, Butler County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13 to the financial statements, in 2020 the Township adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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 and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

November 11, 2022

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 76,559	\$ 1,288,855	\$ 1,365,414
Charges for Services	-	180,795	180,795
Licenses, Permits and Fees	53,437	84,556	137,993
Intergovernmental	86,386	491,871	578,257
Special Assessments	-	308,938	308,938
Earnings on Investments	12,737	3,880	16,617
Miscellaneous	7,954	149,279	157,233
<i>Total Cash Receipts</i>	<u>237,073</u>	<u>2,508,174</u>	<u>2,745,247</u>
Cash Disbursements			
Current:			
General Government	178,450	98,635	277,085
Public Safety	-	800,085	800,085
Public Works	-	531,822	531,822
Health	-	197,412	197,412
Capital Outlay	-	830,469	830,469
Debt Service:			
Principal Retirement	-	39,931	39,931
Interest and Fiscal Charges	-	4,684	4,684
<i>Total Cash Disbursements</i>	<u>178,450</u>	<u>2,503,038</u>	<u>2,681,488</u>
<i>Excess of Receipts Over Disbursements</i>	<u>58,623</u>	<u>5,136</u>	<u>63,759</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	-	681,500	681,500
Sale of Capital Assets	-	3,000	3,000
Other Financing Sources	47	-	47
<i>Total Other Financing Receipts (Disbursements)</i>	<u>47</u>	<u>684,500</u>	<u>684,547</u>
<i>Net Change in Fund Cash Balances</i>	58,670	689,636	748,306
<i>Fund Cash Balances, January 1</i>	<u>300,482</u>	<u>2,618,769</u>	<u>2,919,251</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 359,152</u>	<u>\$ 3,308,405</u>	<u>\$ 3,667,557</u>

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

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the St. Clair Township, Butler County, (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 collection, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio townships for insurance coverage. Note 7 to the financial statements provides additional information for this pool membership. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

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:

Life Squad Special Levy Fund This fund accounts for and reports proceeds from property taxes restricted for the life squad protection and emergency services.

Basis of Accounting

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 (C). 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 (C) permit.

Budgetary Process

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

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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.

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. The Township did not encumber all commitments required by Ohio law.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

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:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Cemetery Fund in the amount of \$6,896 for the year ended December 31, 2021.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 218,100	\$ 237,120	\$ 19,020
Special Revenue	2,901,700	3,192,674	290,974
Total	\$ 3,119,800	\$ 3,429,794	\$ 309,994

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 255,714	\$ 195,146	\$ 60,568
Special Revenue	3,311,331	2,520,386	790,945
Total	\$ 3,567,045	\$ 2,715,532	\$ 851,513

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. A summary of the Township's deposit and investment accounts are as follows:

	<u>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$ 1,667,557
Certificates of deposit	<u>2,000,000</u>
Total carrying amount of deposits and investments held in the Pool	<u>\$ 3,667,557</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$7,532 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management (Continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$ 10,601,444

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township’s elected officials and 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mercedes Benz Lease	\$ 23,149	3.43%
Fire Truck Lease	681,500	2.79%
Tractor Loan	50,180	3.30%
GMC Truck Loan	26,148	3.30%
Total	\$ 780,977	

During 2020, the Township entered into a loan agreement with the First Financial Bank to finance the purchase of a new tractor for Township maintenance. The Township financed amount is \$61,705 at 3.30%. The loan matures in 2025.

During 2020, the Township entered into a loan agreement with First Financial Bank to finance the purchase of a 2020 GMC Sierra K2500 Pickup Truck to be used for the Townships fire and emergency medical services. The Township financed amount is \$32,171 at 3.30%. The loan matures in 2025.

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (Continued)

Leases

During 2017, the Township entered into a lease agreement with Mercedes Benz to purchase equipment. The lease was issued at a 3.42 percent interest rate, with final maturity on April 12, 2022. The Township disbursed \$23,940 to pay lease costs for the year ended December 31, 2020. The lease is paid from the Permissive Motor Vehicle License Tax Fund.

During 2021, the Township entered into a lease agreement with Republic First National Bank to purchase a fire truck. The lease was issued at a 2.79 percent interest rate, the first payment is due March 30, 2022, with final maturity on March 30, 2027. This lease will be paid from the Fire District Fund.

Amortization

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

Year Ending December 31:	Leases	Loans
2022	\$ 148,872	\$ 20,648
2023	124,932	20,648
2024	124,932	20,648
2025	124,932	20,818
2026	124,932	-
2027-2031	124,932	-
Total	<u>\$ 773,532</u>	<u>\$ 82,762</u>

Note 11 – 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.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 16,696	\$ 17,348	\$ 34,044
Total	<u>\$ 16,696</u>	<u>\$ 17,348</u>	<u>\$ 34,044</u>

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Fund Balances (Continued)

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 71,741	\$ 895,055	\$ 966,796
Charges for Services	-	144,249	144,249
Licenses, Permits and Fees	54,641	68,081	122,722
Intergovernmental	69,171	573,637	642,808
Special Assessments	-	306,671	306,671
Earnings on Investments	15,449	5,150	20,599
Miscellaneous	14,054	85,520	99,574
	<u>225,056</u>	<u>2,078,363</u>	<u>2,303,419</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
General Government	139,645	390,946	530,591
Public Safety	-	670,560	670,560
Public Works	-	497,438	497,438
Health	-	152,840	152,840
Capital Outlay	-	160,972	160,972
Debt Service:			
Principal Retirement	-	21,643	21,643
Interest and Fiscal Charges	-	2,297	2,297
	<u>139,645</u>	<u>1,896,696</u>	<u>2,036,341</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>85,411</u>	<u>181,667</u>	<u>267,078</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	-	93,876	93,876
Sale of Capital Assets	20,500	-	20,500
	<u>20,500</u>	<u>93,876</u>	<u>114,376</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	105,911	275,543	381,454
<i>Fund Cash Balances, January 1</i>	<u>194,571</u>	<u>2,343,226</u>	<u>2,537,797</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 300,482</u>	<u>\$ 2,618,769</u>	<u>\$ 2,919,251</u>

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

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the St. Clair Township, Butler County, (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 collection, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio townships for insurance coverage. Note 7 to the financial statements provides additional information for this pool membership. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

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:

Life Squad Special Levy Fund This fund accounts for and reports proceeds from property taxes restricted for the life squad protection and emergency services.

Basis of Accounting

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 (C). 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 (C) permit.

Budgetary Process

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

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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.

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. The Township did not encumber all commitments required by Ohio law.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

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:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Motor Vehicle License Tax, Cemetery, Fire District, and Road District Funds in the amounts of \$11,782, \$42,266, \$57,587 and \$61,332 respectively for the year ended December 31, 2020.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 210,150	\$ 245,556	\$ 35,406
Special Revenue	1,972,889	2,172,239	199,350
Total	\$ 2,183,039	\$ 2,417,795	\$ 234,756

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 178,334	\$ 158,329	\$ 20,005
Special Revenue	2,452,141	2,065,527	386,614
Total	\$ 2,630,475	\$ 2,223,856	\$ 406,619

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. A summary of the Township's deposit and investment accounts are as follows:

	<u>2020</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$ 919,251
Certificates of deposit	<u>2,000,000</u>
Total carrying amount of deposits and investments held in the Pool	<u>\$ 2,919,251</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$4,803 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Risk Management (Continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$ 10,894,146

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township’s elected officials and 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mercedes Benz Lease	\$ 45,532	3.43%
Tractor Loan	61,705	3.30%
GMC Truck Loan	32,171	3.30%
Total	\$ 139,408	

During 2020, the Township entered into a loan agreement with the First Financial Bank to finance the purchase of a new tractor for Township maintenance. The Township financed amount is \$61,705 at 3.30%. The loan matures in 2025.

During 2020, the Township entered into a loan agreement with First Financial Bank to finance the purchase of a 2020 GMC Sierra K2500 Pickup Truck to be used for the Townships fire and emergency medical services. The Township financed amount is \$32,171 at 3.30%. The loan matures in 2025.

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt (Continued)

Leases

During 2017, the Township entered into a lease agreement with Mercedes Benz to purchase equipment. The lease was issued at a 3.42 percent interest rate, with final maturity on April 12, 2022. The Township disbursed \$23,940 to pay lease costs for the year ended December 31, 2020. The lease is paid from the Permissive Motor Vehicle License Tax Fund.

Amortization

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

Year Ending December 31:	Lease	Loans
2021	\$ 23,940	\$ 20,648
2022	23,940	20,648
2023	-	20,648
2024	-	20,648
2025	-	20,818
Total	<u>\$ 47,880</u>	<u>\$ 103,410</u>

Note 11 – 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.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 18,684	\$ 168,831	\$ 187,515
Total	<u>\$ 18,684</u>	<u>\$ 168,831</u>	<u>\$ 187,515</u>

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

ST. CLAIR TOWNSHIP
Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Clair Township, Butler County, (the Township) as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements and have issued our report thereon dated November 11, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the Township adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Report on Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of audit findings as items 2021-001 and 2021-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2021-002 and 2021-003.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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

November 11, 2022

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Township's annual financial report were noted:

- Property tax settlement amounts were posted at net instead of gross in 2020;
- Tangible personal property tax receipt was posted in the Road and Bridge and Fire District Fund as Intergovernmental revenue instead of Property Taxes revenue and was not allocated to proper funds in 2020;
- A portion of a tangible personal property tax receipt was posted in the General Fund as Intergovernmental revenue
- Multiple manufactured homestead settlement receipts were posted at net instead of gross and not allocated to proper funds in 2020;
- A receipt from the sale of the Township's land was posted in the General Fund as Miscellaneous revenue instead of Sale of a Fixed Asset in 2020;
- A receipt from the sale of the Township's vehicle was posted in the General Fund as Miscellaneous revenue instead of Sale of a Fixed Asset in 2020;
- A liquor permit fee was posted in the General Fund as Miscellaneous Revenue instead of Intergovernmental revenue in 2020;.
- The Township did not record debt proceeds in the amounts of \$61,705 and \$32,171 in the Road and Bridge and Road District Funds respectively, in 2020;
- A portion of a Mercedes Benz Lease principal payment should have been classified as Interest in the Permissive Motor Vehicle License Tax Fund in 2020;
- In 2020, a payment that had cleared the bank was listed as an Other Adjusting Factor on the bank reconciliation, due to this disbursement not being posted to the accounting system, it was therefore not properly presented on the financial statements;
- Tangible personal property tax receipt was posted in the General Fund Intergovernmental revenue instead of Property Taxes and was not allocated to proper funds in 2021;
- Manufactured homestead settlement receipt was posted at net instead of gross in 2021;
- A portion of a Mercedes Benz Lease principal payment should have been classified as Interest in the Permissive Vehicle License Tax Fund in 2021;
- The December 2021 bank reconciliation listed an outstanding check that actually cleared in November 2021;
- The Township did not record debt proceeds in the Fire District Fund in the amount of \$681,500 in 2021; and
- A receipt from a liquor permit fee was posted as Ambulance and EMS Charges for Services revenue instead of General Fund Intergovernmental revenue in 2021.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

ST. CLAIR TOWNSHIP
BUTLER COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

We also recommend the Fiscal Officer refer to the Ohio Township Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

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

FINDING NUMBER 2021-002

Noncompliance

Officials Compensation

Ohio Revised Code Sections 505.24 and 507.09 set compensation amounts for Trustees and the Fiscal Officer based on a Township's annual budget amount and the term of the elected official.

During our testing, it was noted that Fiscal Officer Wheelright was underpaid in 2019, 2020 and part of 2021. A catch-up payment was made to both Trustees in 2021 incorrectly, that resulted in the Fiscal Officer being overpaid by \$207.

Also, during our testing, it was noted that Trustees Barnes and Snyder were underpaid in 2019, 2020 and part of 2021. A catch-up payment was made to both Trustees in 2021 incorrectly, that resulted in the Trustees being overpaid by \$1,205.

We recommend the Township utilize the compensation charts as determined by the Ohio Revised Code Sections 505.24 and 507.09 to determine the annual compensation for Township Officials.

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

FINDING NUMBER 2021-003

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

ST. CLAIR TOWNSHIP
BUTLER COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-003 (Continued)

Material Weakness/Noncompliance (Continued)

Budgetary Controls (Continued)

- Violations of **Ohio Revised Code Section 5705.41(B)** stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations). Expenditures exceeded appropriations in the Cemetery Fund in the amount of \$6,896 in 2021. Expenditures exceeded appropriations in the Motor Vehicle License Tax, Cemetery, Fire District, and Road District Funds in the amounts of \$11,782, \$42,266, \$57,587, and \$61,332 respectively in 2020.
- Violations of **Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Township did not properly certify the availability of funds prior to purchase commitment for 50% of the expenditures tested for 2021 and for 31% of the expenditures tested for 2020.

In addition, The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Township Board of Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township trustees to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

The Board of Trustees should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure that ensures budgetary forms are submitted to the County accurately and timely. This could include a checklist of forms and due dates. Steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

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

**ST. CLAIR TOWNSHIP
BUTLER COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Repeated as Finding 2021-001
2019-002	Ohio Revised Code Section 5705.41(B)	Not Corrected	Repeated as Finding 2021-003
2019-003	Ohio Revised Code Section 5705.41(D)	Not Corrected	Repeated as Finding 2021-003
2019-004	Ohio Revised Code Section 149.43	Partially Corrected	Repeated in Management Letter

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OHIO AUDITOR OF STATE KEITH FABER



ST. CLAIR TOWNSHIP

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/29/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov