



Dave Yost • Auditor of State

**St. Clair Township
Butler County**

Fiscal Emergency Termination

Local Government Services

St. Clair Township, Butler County

Fiscal Emergency Termination

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 For the Years Ending December 31, 2018 through December 31, 2022

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CERTIFICATION

Pursuant to a request sent to the Auditor of State by the Financial Planning and Supervision Commission of St. Clair Township, the Auditor of State performed an analysis of St. Clair Township to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code should be terminated. Based on the analysis, the Auditor of State certifies, as required by Section 118.27 of the Revised Code, that St. Clair Township no longer meets the fiscal emergency conditions set forth in Section 118.04 of the Revised Code, that the objectives of the financial recovery has been met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code has been implemented, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Financial Planning and Supervision Commission of St. Clair Township and its role in the operation of the St. Clair Township is terminated as of January 8, 2019.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to John R. Snyder, President of the Board of Trustees, John Kasich, Governor; Timothy Keen, Director of the Office of Budget and Management; Josh Mandel, Treasurer of State; Jon Husted, Secretary of State; and Roger Reynolds, Butler County Auditor.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST
Auditor of State

January 8, 2019

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St. Clair Township, Butler County
Report on the Termination of the St. Clair Township
Financial Planning and Supervision Commission

Report on the Termination of St. Clair Township Financial Planning and Supervision Commission

At the request of the Financial Planning and Supervision Commission (the Commission) of the St. Clair Township, Butler County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Revised Code, should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A) of the Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality...has done all of the following: (1) planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to Section 118.04 of the Revised Code, and no new fiscal emergency conditions have occurred...; (3) met the objectives of the financial plan described in Section 118.06 of the Revised Code; and (4) the municipal corporation...prepares a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”

Results of our work under Section 118.27(A) of the Revised Code are as follows:

Pages four through twelve of the report indicate that the Township has effectively implemented a financial accounting and reporting system in accordance with Section 118.10(A) of the Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under Section 118.04 of the Revised Code. This analysis can be found beginning on page twelve.

We have reviewed the objectives of the financial plan and determined that the Township has met the objectives in accordance with Section 118.06 of the Revised Code. Specific conclusions can be found on page sixteen.

We examined and issued a non-adverse report on the five-year forecast prepared by the Township. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of St. Clair Township, the Auditor of State of Ohio, the Governor of Ohio, the Chairman of the Board of Trustees of St. Clair Township, and others as designated by the Auditor of State and is not to be used for any other purpose. Our procedures and findings follow.

St. Clair Township, Butler County
Report on the Termination of the St. Clair Township
Financial Planning and Supervision Commission

Section 1 - Financial Accounting and Reporting System

When a Township is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the Township's financial accounting and reporting system. The Auditor of State, in accordance with Section 118.10(A) of the Revised Code assessed the methods, accuracy, and legality of the accounts, records, files, and reports of St. Clair Township (the Township) and issued a Report on Accounting Methods, dated September 26, 2017. The report identified areas where the Township's financial accounting and reporting system were not in compliance with Section 117.43 of the Revised Code and the requirements of the Auditor of State.

The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation, and is expected to be completed within two years. This determination is based on management providing a summary of the actions taken to address the issues identified in the Report on Accounting Methods. We confirmed whether the actions taken by management were sufficient to correct these issues identified in the Report on Accounting Methods. A summary of each area of noncompliance identified in the Report on Accounting Methods and the status of each corrective action is presented below:

Budgetary System

Auditor of State Comment from Report on Accounting Methods

Section 5705.38 of the Revised Code requires the Board of Trustees to approve the budgetary appropriations at the proper legal level of control, which is fund/department/personnel services and other. The Board passes all appropriation measures using this level of control; however it is not documented in the minutes the amounts approved for appropriations.

Implemented

The Board of Trustees approve the budgetary appropriations at the proper legal level of control, which is fund/department/personnel services and other for the Township. The Board passes all appropriation measures using this level of control through resolutions which are documented in the minutes.

Auditor of State Comment from Report on Accounting Methods

Section 5705.39 of the Revised Code requires that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure, as certified by the Budget Commission. The Fiscal Officer should document the comparison of appropriations to estimated resources to ensure compliance with budgetary requirements.

Implemented

Total appropriations from each fund do not exceed the total of the estimate revenue available for expenditure, as certified by the Budget Commission. The Fiscal Officer documents the comparison of appropriations to estimated resources for each fund to ensure compliance with budgetary requirements.

St. Clair Township, Butler County
Report on the Termination of the St. Clair Township
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

The Township has deficit fund balances contrary to Section 5705.10, Revised Code. The Township Fiscal Officer, as well as the Board of Trustees, must review the financial and budgetary activity to ensure compliance with Ohio budgetary law. This review should be ongoing and documented within the minutes.

Implemented

The Township does not have any deficit fund balances as outlined in Section 5705.10, Revised Code. The Fiscal Officer as well as the Board of Trustees review the financial and budgetary activity to ensure compliance with Ohio budgetary law. This review is ongoing and documented within the minutes.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer does not request a new amended certificate for new sources of revenue that they intend to appropriate. The Fiscal Officer should request a new amended certificate from the County Budget Commission for new sources of revenue to appropriate.

Implemented

The Fiscal Officer requests a new amended certificate from the County Budget Commission for new sources of revenue that they intend to appropriate.

Accounting Journals and Ledgers

Auditor of State Comment from Report on Accounting Methods

The Township does not have a written disaster recovery plan that identifies how the Township would react if a major disaster was to affect the community. The recovery plan should include a plan to restore information technology and accounting functions.

Implemented

The Township has a written disaster recovery plan that identifies how the Township would react if a major disaster was to affect the community. The recovery plan includes a plan to restore information technology and accounting functions.

Purchasing Process

Auditor of State Comment from Report on Accounting Methods

The Township had instances in which purchase orders were dated after the invoice and/or receipt for reimbursed goods. Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditures of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated. Purchase orders should be prepared and approved before items are received or ordered by other means.

St. Clair Township, Butler County
Report on the Termination of the St. Clair Township
Financial Planning and Supervision Commission

Implemented

Purchase orders are prepared and approved before items are received or ordered by other means in accordance with Ohio Revised Code Section 5705.41(D).

Auditor of State Comment from Report on Accounting Methods

The Board of Trustees has not adopted a resolution allowing for the utilization of blanket purchase orders for authorizing obligations for a particular purpose in an amount specified by the Board. Per Section 5705.41 (D)(3) of the Revised Code, the Board should establish a dollar limit for approving blanket purchase orders.

Implemented

The Board of Trustees has adopted resolution number 2018-12-79 for the utilization of blanket purchase orders for authorizing obligations for a particular purpose in an amount specified by the Board.

Auditor of State Comment from Report on Accounting Methods

The Township does not require new vendors to submit information before a purchase order is completed. The Township should not issue purchase orders to a vendor until all appropriate information about the vendor is received, including an IRS Form W-9. The Township should also establish procedures for classifying a vendor as inactive and purging the applicable vendor files.

Implemented

The Township requires new vendors to submit information before a purchase order is completed. The Township does not issue purchase orders to a vendor until all appropriate information about the vendor is received, including an IRS Form W-9. The Township has also established procedures for classifying a vendor as inactive and purging the applicable vendor files.

Auditor of State Comment from Report on Accounting Methods

The Township does not use the Auditor of State Findings for Recovery Database when entering into contracts. Section 9.24 of the Revised Code prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State if that finding is unresolved. The Township should verify the status of all contractual vendors with the Auditor of State Findings for Recovery Database prior to awarding the contract.

Implemented

The Township uses the Auditor of State Findings for Recovery Database when entering into contracts. The Township verifies the status of all contractual vendors with the Auditor of State Findings for Recovery Database prior to awarding the contract. Verifications are retained by the Fiscal Officer for the audit.

St. Clair Township, Butler County
Report on the Termination of the St. Clair Township
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer is responsible for monitoring the spending against blanket and super blanket purchase orders. The Fiscal Officer should document that this is occurring.

Implemented

The Fiscal Officer is documenting the monitoring of spending against blanket and super blanket purchase orders.

Auditor of State Comment from Report on Accounting Methods

The original purchase order is not sent to the vendor automatically and is only sent upon request by the vendor. The purchase order should always be mailed, faxed, or emailed to the vendor.

Implemented

The original purchase order is sent to the vendor.

Cash Disbursements

Auditor of State Comment from Report on Accounting Methods

The Township should document the procedures for cash disbursements, including the staff positions and their functions. The document should also include procedures for review and documentation of goods received to the invoices or packaging slips and the procedures to follow in instances when they do not match. The document should be kept on file in the Fiscal Officer's office.

Implemented

The Township documents the procedures for cash disbursements, including the staff positions and their functions. The document includes procedures for review and documentation of goods received compared to the invoices or packaging slips and the procedures to follow in instances when they do not match. The documented procedures is kept on file in the Fiscal Officer's office.

Auditor of State Comment from Report on Accounting Methods

Invoices are not consistently marked "paid" before they are filed with their voucher packets. The Fiscal Officer should document by either stamping or writing "paid" on the invoices so that duplicate payments will not be made.

Implemented

The Fiscal Officer consistently marks invoices as "paid" before they are filed with their voucher packets so that duplicate payments are not made.

St. Clair Township, Butler County
Report on the Termination of the St. Clair Township
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

When the Trustees review the payment listing report before signing checks, the Trustees should initial or sign this report acknowledging it was read and know what invoices were paid.

Implemented

Trustees review and initial or sign the payment listing report before signing checks. This serves as acknowledgment that the report was read and the Trustees know what invoices were paid.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer should monitor expenditures to ensure compliance with Ohio Revised Code Section 5705.10. Expenditures from any fund should be within the limits of available resources to prevent any fund from having a negative cash balance.

Implemented

The Fiscal Officer monitors expenditures to ensure compliance with Ohio Revised Code Section 5705.10. Expenditures from all funds are within the limits of available resources to prevent any fund from having a negative cash balance.

Payroll Processing

Auditor of State Comment from Report on Accounting Methods

The Township does not have formal written procedures regarding the payroll process. The Township's Fiscal Officer should document its payroll procedures and maintain them in his office.

Implemented

The Township has formal written procedures regarding the payroll process. The Township's Fiscal Officer has documented the payroll procedures and maintains them in his office.

Auditor of State Comment from Report on Accounting Methods

Not all employee personnel files for the Township have the necessary benefit or medical information. All Township employee personnel files should be reviewed, and documents not included should be updated by the Fiscal Officer.

Implemented

All employee personnel files for the Township have the necessary benefit or medical information. All Township employee personnel files have been reviewed and updated by the Fiscal Officer.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer should keep track of all leave balances for employees within the UAN system. Accurate leave balances should be kept up to date and be easily retrieved.

St. Clair Township, Butler County
Report on the Termination of the St. Clair Township
Financial Planning and Supervision Commission

Implemented

The Fiscal Officer keeps track of all leave balances for employees within the UAN system. Accurate leave balances are maintained on the UAN system and are kept up to date and are easily retrieved.

Auditor of State Comment from Report on Accounting Methods

Per Section 505.24 of the Revised Code, the Board of Trustees should adopt, by unanimous vote, a method of compensation. This method should be documented in the minutes.

Implemented

The Board of Trustees has adopted, by unanimous vote, a method of compensation per Section 505.24 of the Revised Code. This method is documented in the minutes.

Auditor of State Comment from Report on Accounting Methods

The Township should update their employee handbook and policies to include leave request forms. The Township should require each department to use leave request forms and require a department head approval of leave requested. These forms should be filed with the Fiscal Officer once approved.

Implemented

The Township has updated their employee handbook and policies to include leave request forms. The Township requires each department to use leave request forms and requires a department heads approval of leave requested. The forms are filed with the Fiscal Officer once approved.

Auditor of State Comment from Report on Accounting Methods

The Township should update its employee handbook and policies to address payout of leave time upon retirement.

Implemented

The Township has updated their employee handbook and policies to address payout of leave time upon retirement.

Inventory of Capital Assets

Auditor of State Comment from Report on Accounting Methods

The Township does not have written policies and procedures to account for and track capital assets or consumable inventory. The Township should include in this policy a method of tagging capital assets at or above a certain monetary level, with each asset having a unique number. The Township should assign tags and asset numbers to assets at the time they are delivered to ensure that all assets acquired are accounted for.

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Report on the Termination of the St. Clair Township
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Implemented

The Township has written policies and procedures to account for and track capital assets and consumable inventory. The policy includes a method for tagging capital assets at or above a certain monetary level along with each asset having a unique number. The Township assigns tags and asset numbers to assets at the time they are delivered to ensure that all assets acquired are accounted for.

Financial Reporting

Auditor of State Comment from Report on Accounting Methods

At the time the annual financial report is filed with the Auditor of State, the Fiscal Officer must publish in the newspaper notice of the completion of the report and that the report is available for inspection. The Township has not published completion of the report in the newspaper for 2017 and prior years.

Implemented

The Township published the completion of the annual financial report in the newspaper for 2017.

Auditor of State Comment from Report on Accounting Methods

Currently, the Board of Trustees receives financial report distributed within the meeting. To strengthen internal accounting controls, the Board of Trustees should review the financial reports to determine if transactions were posted incorrectly or to verify that unapproved transactions did not occur. All documents should be initialed by each reviewer on a consistent basis.

Implemented

The Board of Trustees reviews the financial reports to determine if transactions were posted incorrectly or to verify that unapproved transactions did not occur. The documents are initialed or signed by the trustees to indicate that they have reviewed the financial reports on a consistent basis.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer should state in the minutes of each meeting that the financial reports of the Township were provided to the Trustees. The Fiscal Officer should make record of any discussions held or questions answered regarding the financial reports, as well as any matters that have been brought to attention regarding the financial reports. These reports should include the following: fund summary report, payment listing report, revenue status report and appropriation status report. Also, a copy of the most recent bank reconciliation with supporting documentation should be presented to the Board of Trustees within the meeting.

St. Clair Township, Butler County
Report on the Termination of the St. Clair Township
Financial Planning and Supervision Commission

Implemented

The Fiscal Officer states in the minutes of each meeting that the financial reports of the Township were provided to the Trustees. The Fiscal Officer makes record of any discussions held or questions answered regarding the financial reports, as well as any matters that have been brought to attention regarding the financial reports. These reports include the following: fund summary report, payment listing report, revenue report and appropriation status report. Also, a copy of the most recent bank reconciliation with supporting documentation is presented to the Board of Trustees.

Recording Official Proceedings

Auditor of State Comment from Report on Accounting Methods

The minutes are not consistently being signed by the Board President or Fiscal Officer. The minutes of the monthly meetings of the Board of Trustees should be approved at the following monthly meeting of the Board. Once minutes have been approved by the Board, the minutes should be signed by the Board President and Fiscal Officer.

Implemented

The minutes are consistently being signed by the Board President and Fiscal Officer. The minutes of the monthly meetings of the Board of Trustees are approved at the following monthly meeting of the Board. Once minutes have been approved by the Board, they are signed by the Board President and Fiscal Officer.

Auditor of State Comment from Report on Accounting Methods

The Township should have a procedure in place to verify that what appears in the resolution book is accurate and complete. An index should be placed at the beginning of the Resolutions Book to help facilitate the location of resolutions by general topic.

Implemented

The Township has a procedure in place to verify that what appears in the resolution book is accurate and complete. An index is placed at the beginning of the resolution book to help facilitate the location of resolutions by general topic.

Auditor of State Comment from Report on Accounting Methods

The recordings of the minutes should be kept in a fire proof location.

Implemented

The recordings of the minutes are kept in a fire proof location.

Auditor of State Comment from Report on Accounting Methods

The minutes should reflect the Revised Code section allowing for the executive session and the time the session started and ended.

St. Clair Township, Butler County
Report on the Termination of the St. Clair Township
Financial Planning and Supervision Commission

Implemented

The minutes reflect the Revised Code section allowing for the executive session and the time the session started and ended.

Audit Report and Management Letters

The Board of Trustees and Officials receive a compliance and management letter at the conclusion of each annual audit. The letters that accompanied the December 31, 2017 and 2016, audit identified several noncompliance issues and several recommendations.

The Township has addressed making sure appropriations do not exceed estimated resources, making sure disbursements do not exceed appropriations, creating purchase orders before receiving invoices, and having positive fund balances as part of their work to correct the Report on Accounting Methods comments. The Township is in the process of addressing the remaining non-compliance issues and recommendations. These items will not prevent termination of the Financial Planning and Supervision Commission.

Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions

Under Section 118.27(A)(2) of the Ohio Revised Code, the Township shall have corrected or eliminated or have planned and be in the process of good faith implementation of actions to correct and eliminate all of the fiscal emergency conditions that existed when declared in fiscal emergency and no new fiscal emergency conditions have occurred in order to be terminated from fiscal emergency. Our analysis of the six fiscal emergency conditions described in Section 118 of the Revised Code is presented below:

Condition One - Default on Any Debt Obligation

Section 118.03(A)(1) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the Township's outstanding debt as of November 30, 2018, is as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Year Issued</u>	<u>Issue Amount</u>
Dump Truck Lease	3.43%	2017	\$108,337

We reviewed the outstanding indebtedness as of November 30, 2018. The Township has \$95,761 in outstanding debt and had made all debt payments due as of that date.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(1) of the Revised Code. The Township had not defaulted on its debt obligation for more than thirty days as of November 30, 2018.

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Condition Two - Payment of All Payroll

Section 118.03(A)(2) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We obtained an understanding of the payroll process through discussion with the Fiscal Officer. We obtained payroll reports and pay rate legislation. We reviewed bank statements to determine whether Township employees were paid within the time specified by Sections 118.03(A)(2)(a) and (b) of the Revised Code. We determined that adequate cash was in the bank account and fund balances to cover payroll.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Revised Code as of November 30, 2018. All employees have been paid in amounts and at the times required by ordinance.

Condition Three - Increase in Minimum Tax Levy

Section 118.03(A)(3) of the Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Butler County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the Township for 2018 which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Butler County Budget Commission indicated that the Commission had not taken any action for tax year 2018 to increase the inside millage of the Township

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Revised Code as of November 30, 2018.

Condition Four - Past Due Accounts Payable from the General Fund and all Funds

Section 118.03(A)(4) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days

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at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

We prepared a schedule of accounts payable (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as of December 31, 2017. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2017, excluding non-recurring receipts of all special funds from which such accounts are lawfully payable. There were no payables over thirty days past due.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code as of December 31, 2017. There were no payables over thirty days past due.

Condition Five - Deficit Fund Balances

Section 118.03(A)(5) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds at December 31, 2017, by subtracting all accounts payable and encumbrances from the year end cash fund balance of each fund. No further calculations were necessary because there were no deficit fund balances.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(5) of the Revised Code. There were no deficit fund balances at December 31, 2017.

Condition Six - Treasury Balances

Section 118.03(A)(6) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation minus outstanding checks and warrants were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

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We verified the Township's reconciled bank balance to its statement of cash position by fund for all funds as of December 31, 2017, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were necessary because the treasury balance equaled the sum of all cash balances.

Schedule I

Treasury Balances
 Ohio Revised Code Section 118.03(A)(6)
 As of December 31, 2017

	Amounts at December 31, 2017
Bank Cash Balance	
First Financial Bank - General Checking	\$1,421,151
First Financial Certificates of Deposit	485,053
Total Bank Cash Balance	1,906,204
Less Reconciling Factors:	
Deposits in Transit	667
Other Adjustments	1,346
Outstanding Checks	(22,881)
Total Treasury Balance	1,885,336
Less: Positive Cash Fund Balances	
General	11,105
Motor Vehicle License Tax	98,859
Gasoline Tax	101,450
Road and Bridge	26,798
Cemetery	185,455
Garbage and Waste Disposal	112,648
Fire District	420,298
Road District	58,356
Life Squad	557,619
Permissive Motor Vehicle License Tax	20,215
Ambulance and Emergency Medical	252,794
Lighting District	23,381
Ohio Department of Public Safety Grant	12,750
Hamilton Community Foundation	3,608
Total Positive Cash Fund Balances	1,885,336
Treasury Deficiency	\$0

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(6) of the Revised Code as of December 31, 2017. The treasury balance less the positive fund cash balances as of December 31, 2017, did not exceed one-sixth of the treasury receipts for the year.

Section 3 - Financial Plan Objectives

We obtained a copy of the financial plan of the Township and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to Section 118.04 of the Revised Code;
- 2) Balance the budgets, avoid future deficits in any fund, and maintain current payments of all accounts;
- 3) Develop an effective financial accounting and reporting system; and
- 4) Prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

All objectives of the financial plan have been met.

Section 4 - Financial Forecast

Financial forecasting is an important management tool to assist the Township in making sound financial decisions for avoiding a fiscal crisis in the future. A five-year forecast is required under Section 118.27(A)(3)(d) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

DISCLAIMER

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

APPENDIX A

**St. Clair Township
Butler County, Ohio**

Financial Forecast

For the Years Ending December 31, 2018 through December 31, 2022

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St. Clair Township, Butler County

Financial Forecast

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Dave Yost • Auditor of State

Board of Trustees
St. Clair Township
2449 Jackson Rd
Hamilton, Ohio 45011

Independent Accountant's Report

Based upon the requirement set forth in section 118.27(A)(3)(d) of the Ohio Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the accompanying forecasted statement of revenues, expenditures, and changes in fund balance of the general fund of St. Clair Township, for the five years ending December 31, 2022. This statement is presented on the budget basis of accounting used by St. Clair Township rather than on generally accepted accounting principles. St. Clair's management is responsible for the forecast. Our responsibility is to determine whether the Township has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast and the variations may be material.

This report is intended solely for the use of St. Clair Township and the Financial Planning and Supervision Commission of St. Clair Township and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST
Auditor of State

December 21, 2018

St. Clair Township
Butler County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For The Years Ended December 31, 2015 Through 2017 Actual
and Ending December 31, 2018 Through 2022 Forecasted
General Fund

	2015 Actual	2016 Actual	2017 Actual
<u>Revenues</u>			
Property Taxes	\$61,365	\$68,168	\$63,267
Intergovernmental	100,271	83,189	83,179
Fines, Licenses, and Permits	38,528	38,706	37,788
Rentals	7,913	10,287	6,450
Interest	1,525	788	495
Other	2,941	24,305	2,262
Total Revenues	212,543	225,443	193,441
<u>Expenditures</u>			
General Government			
Administrative:			
Personal Services	38,395	36,006	46,417
Fringe Benefits	56,130	70,900	66,431
Contractual Services	20,081	16,067	12,095
Supplies and Materials	764	236	1,100
Other	5,552	1,479	994
Total Administrative	120,922	124,688	127,037
Townhalls, Memorial Buildings and Grounds			
Contractual Services	12,035	3,922	3,109
Supplies and Materials	995	2,202	2,769
Other	7,785	12,672	7,746
Total Townhalls, Memorial Buildings and Grounds	20,815	18,796	13,624
Zoning			
Personal Services	17,526	4,745	0
Fringe Benefits	3,717	2,201	1,771
Contractual Services	0	0	0
Materials and Supplies	0	0	0
Total Zoning	21,243	6,946	1,771
Other General Government			
Personal Services	4,758	4,680	4,042
Fringe Benefits	920	713	633
Total Other General Government	5,678	5,393	4,675
Total General Government	168,658	155,823	147,107
Health			
Health District:			
Contractual Services	2,461	4,291	2,367
Total Expenditures	171,119	160,114	149,474
Net Change in Fund Balance	41,424	65,329	43,967
Fund Balance (Deficit) Beginning of Year	(139,244)	(97,820)	(32,491)
Fund Balance (Deficit) End of Year	(\$97,820)	(\$32,491)	\$11,476

<u>2018</u> <u>Forecasted</u>	<u>2019</u> <u>Forecasted</u>	<u>2020</u> <u>Forecasted</u>	<u>2021</u> <u>Forecasted</u>	<u>2022</u> <u>Forecasted</u>
\$61,000	\$61,000	\$61,000	\$62,000	\$62,000
77,553	88,276	85,197	83,111	83,111
40,000	42,000	43,000	44,000	45,000
8,000	8,000	8,000	8,000	8,000
1,500	1,500	1,500	1,500	1,500
4,000	4,000	4,000	4,000	4,000
<u>192,053</u>	<u>204,776</u>	<u>202,697</u>	<u>202,611</u>	<u>203,611</u>
49,225	45,950	45,950	45,950	45,950
55,934	53,125	54,700	56,354	58,090
22,600	18,825	27,000	17,100	27,100
900	3,000	1,000	1,000	1,000
2,000	2,000	2,000	2,000	2,000
<u>130,659</u>	<u>122,900</u>	<u>130,650</u>	<u>122,404</u>	<u>134,140</u>
5,700	6,200	6,300	6,900	6,900
2,500	4,500	4,500	4,500	4,500
10,000	10,000	10,500	11,000	11,000
<u>18,200</u>	<u>20,700</u>	<u>21,300</u>	<u>22,400</u>	<u>22,400</u>
0	0	0	0	0
0	0	0	0	0
500	2,500	2,500	2,500	2,500
0	500	500	500	500
<u>500</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
5,000	7,000	7,000	7,000	7,000
523	773	773	773	773
<u>5,523</u>	<u>7,773</u>	<u>7,773</u>	<u>7,773</u>	<u>7,773</u>
154,882	154,373	162,723	155,577	167,313
4,500	4,500	4,500	4,500	4,500
<u>159,382</u>	<u>158,873</u>	<u>167,223</u>	<u>160,077</u>	<u>171,813</u>
32,671	45,903	35,474	42,534	31,798
11,476	44,147	90,050	125,524	168,058
<u>\$44,147</u>	<u>\$90,050</u>	<u>\$125,524</u>	<u>\$168,058</u>	<u>\$199,856</u>

**St. Clair Township
Butler County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For The Years Ended December 31, 2015 Through 2017 Actual
and Ending December 31, 2018 Through 2022 Forecasted
Lighting Districts Fund**

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Actual</u>
<u>Revenues</u>			
Special Assessments	\$11,755	\$44,558	\$44,434
<u>Expenditures</u>			
Public Works			
Lighting			
Contractual Services	<u>20,924</u>	<u>21,232</u>	<u>21,035</u>
Net Change in Fund Balance	(9,169)	23,326	23,399
Fund Balance (Deficit) Beginning of Year	<u>(14,174)</u>	<u>(23,343)</u>	<u>(17)</u>
Fund Balance (Deficit) End of Year	<u><u>(\$23,343)</u></u>	<u><u>(\$17)</u></u>	<u><u>\$23,382</u></u>

<u>2018</u> <u>Forecasted</u>	<u>2019</u> <u>Forecasted</u>	<u>2020</u> <u>Forecasted</u>	<u>2021</u> <u>Forecasted</u>	<u>2022</u> <u>Forecasted</u>
\$45,700	\$25,786	\$25,786	\$25,786	\$25,786
<u>21,750</u>	<u>22,000</u>	<u>22,250</u>	<u>22,500</u>	<u>22,750</u>
23,950	3,786	3,536	3,286	3,036
<u>23,382</u>	<u>47,332</u>	<u>51,118</u>	<u>54,654</u>	<u>57,940</u>
<u><u>\$47,332</u></u>	<u><u>\$51,118</u></u>	<u><u>\$54,654</u></u>	<u><u>\$57,940</u></u>	<u><u>\$60,976</u></u>

St. Clair Township
Butler County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For The Years Ended December 31, 2015 Through 2017 Actual
and Ending December 31, 2018 Through 2022 Forecasted
Life Squad Fund

	2015 Actual	2016 Actual	2017 Actual
<u>Revenues</u>			
Property Taxes	\$483,982	\$476,608	\$476,862
Intergovernmental	71,062	63,408	72,454
Other	38	2,428	6,613
Total Revenues	<u>555,082</u>	<u>542,444</u>	<u>555,929</u>
<u>Expenditures</u>			
General Government			
Administrative:			
Personal Services	<u>19,593</u>	<u>20,042</u>	<u>20,521</u>
Public Safety			
Emergency Medical Services:			
Personal Services	243,739	236,713	266,832
Fringe Benefits	52,237	60,031	66,781
Contractual Services	32,710	35,556	40,645
Supplies and Materials	32,533	32,947	45,422
Other	<u>17,518</u>	<u>9,199</u>	<u>11,957</u>
Total Public Safety	<u>378,737</u>	<u>374,446</u>	<u>431,637</u>
Capital Outlay	<u>6,742</u>	<u>26,707</u>	<u>83,013</u>
Total Expenditures	<u>405,072</u>	<u>421,195</u>	<u>535,171</u>
Net Change in Fund Balance	150,010	121,249	20,758
Fund Balance Beginning of Year	<u>265,602</u>	<u>415,612</u>	<u>536,861</u>
Fund Balance End of Year	<u><u>\$415,612</u></u>	<u><u>\$536,861</u></u>	<u><u>\$557,619</u></u>

<u>2018</u> <u>Forecasted</u>	<u>2019</u> <u>Forecasted</u>	<u>2020</u> <u>Forecasted</u>	<u>2021</u> <u>Forecasted</u>	<u>2022</u> <u>Forecasted</u>
\$425,000	\$425,000	\$425,000	\$429,000	\$429,000
70,906	54,781	32,684	17,200	17,200
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>495,906</u>	<u>479,781</u>	<u>457,684</u>	<u>446,200</u>	<u>446,200</u>
<u>21,400</u>	<u>21,400</u>	<u>21,400</u>	<u>21,400</u>	<u>21,400</u>
270,000	320,000	320,000	320,000	320,000
65,000	74,796	74,796	74,796	74,796
45,347	55,730	55,730	55,730	55,730
51,250	51,000	51,000	51,000	51,000
16,000	11,500	12,000	12,000	12,000
<u>447,597</u>	<u>513,026</u>	<u>513,526</u>	<u>513,526</u>	<u>513,526</u>
<u>15,750</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>484,747</u>	<u>534,426</u>	<u>534,926</u>	<u>534,926</u>	<u>534,926</u>
11,159	(54,645)	(77,242)	(88,726)	(88,726)
<u>557,619</u>	<u>568,778</u>	<u>514,133</u>	<u>436,891</u>	<u>348,165</u>
<u>\$568,778</u>	<u>\$514,133</u>	<u>\$436,891</u>	<u>\$348,165</u>	<u>\$259,439</u>

St. Clair Township, Butler County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2018, through 2022

Note 1 - The Township

St. Clair Township is located in Butler County. The Township is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The decision making process is directed by an elected Township Board of Trustees. The Board of Trustees is the legislative authority of St. Clair Township and consists of three members who are elected at large and serve terms of four years. The Township also has a separately elected Fiscal Officer.

On May 15, 2014, the Auditor of State's Office declared St. Clair Township to be in a state of fiscal emergency in accordance with Section 118.03 of the Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Chairman of the Board of Trustees, the Butler County Auditor, three individuals whose residency or principal place of business is within the Township, and a designee from both the State Treasurer's Office and the Office of Budget and Management. This Commission is required to adopt a financial recovery plan for the Township. Once the plan has been adopted, the Township's discretion is limited in that all financial activity of the Township must be in accordance with the plan.

St. Clair Township provides general governmental services including road and bridge maintenance, cemetery maintenance, waste collection, fire protection, lighting districts, and emergency medical services. The operation of each of these activities is directly controlled by the Board of Trustees through the budgetary process.

Note 2 - Nature of Presentation

This financial forecast presents, to the best of the Township's knowledge and belief, the expected revenues, expenditures, and changes in fund balances for the forecast period. Accordingly, the forecast reflects the Township's judgment, as of December 21, 2018, the date of the forecast, the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents the funds that are significant to the operations of the Township. These funds include the General Fund, the Lighting Districts fund, and the Life Squad fund.

Note 3 - Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances which is consistent with the budget basis of accounting (non-GAAP) used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the Township is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

St. Clair Township, Butler County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2018, through 2022

B. Fund Accounting

The Township maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

General Fund - The General Fund is the operating fund of the Township and is used to account for and report all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to disbursement for specified purposes, other than for debt service or capital projects.

Debt Service Funds - Debt service funds are used to account for and report resources that are restricted, committed, or assigned to disbursement for principal, interest, and related costs.

Capital Projects Funds - Capital projects funds are used to account for and report resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by the enterprise funds).

Permanent Funds – Permanent funds account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the Township or its residents.

Proprietary Funds

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

St. Clair Township, Butler County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2018, through 2022

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Estimated Resources - On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the Township, which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Township must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriations for the full year is not ready for approval by the Board of Trustees. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation resolution must be legally enacted by the Board of Trustees. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The Township uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

Note 4 - General Revenue Assumptions - All Funds

A. Property Taxes

Property tax revenues consist of real property and public utility personal property. The Township may request advances from the Butler County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the Township are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for residential real estate taxes. The State reimburses the Township for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account "intergovernmental revenue".

St. Clair Township, Butler County
 Summary of Significant Accounting Policies and Forecast Assumptions
 For the Years Ending December 31, 2018, through 2022

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last reappraisal was completed in 2014 for taxes collected in 2015. The last triennial update was completed in 2017 for taxes collected in 2018 with the next reappraisal scheduled for 2020. The Township's assessed values upon which property tax receipts were based for the last four years are as follows:

<u>Class of Property</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Real Property	\$80,514,980	\$80,555,930	\$79,487,380	\$80,145,450
Public Utility	28,794,450	28,276,340	28,337,170	27,865,120
Total Assessed Value	<u>\$109,309,430</u>	<u>\$108,832,270</u>	<u>\$107,824,550</u>	<u>\$108,010,570</u>

The property tax revenues are generated from inside and voted millage and receipted into the General Fund, Road and Bridge Fund, Road District Fund, Fire District Fund, Life Squad Fund and Ambulance Fund.

The levies being collected by fund and the full tax rate are as follows:

<u>Fund</u>	<u>Tax Levies</u>	<u>Full Tax Rate (Per \$1,000 of Assessed Valuation)</u>
General Fund	Inside Ten Mill Limitation (Unvoted)	\$0.51
Road and Bridge Fund	Inside Ten Mill Limitation (Unvoted)	2.00
Road District Fund	Current Expense	0.21
Fire District Fund	Current Expense	1.25
Life Squad Fund	Current Expense	0.50
Ambulance Fund	Current Expense	3.50
Total Tax Rate		<u>\$7.97</u>

Public utility real property taxes are collected and settled by the County with real estate taxes and are recorded as general property taxes.

Real Property - Property values for 2018 thru 2020 are based on the estimate provided by the County Auditor. Tax revenues are anticipated to increase slightly in 2021 and 2022 due to the property reappraisal that is scheduled to be completed during 2020.

B. Intergovernmental Revenues

Intergovernmental revenues include local government monies and property tax allocations for rollback and homestead along with tangible personal property tax reimbursements. The local government funds are distributed monthly by the State to the Township and by the County Auditor to the Township. The property tax allocations for rollback and homestead and tangible personal property reimbursements are received from the State and are based on information provided by the County Auditor.

St. Clair Township, Butler County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2018, through 2022

State law grants tax relief in the form of a 10 percent reduction in residential real property tax bills. In addition, a 2.5 percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the Township for the loss of real property taxes caused by the homestead and rollback tax relief programs. Homestead and rollback receipts have been forecasted to be consistent with the forecasted property tax revenues.

Note 5 - Specific Fund Revenue Assumptions

A. General Fund

Real Property - Property values for 2018 thru 2020 are based on the estimate provided by the County Auditor. Tax revenues are anticipated to increase slightly in 2021 and 2022 due to the property appraisal completed during 2020. Based on a conservative estimate provided by the Butler County Auditor, 2018 thru 2020 property tax collections are expected to be approximately \$61,000 and are expected to increase slightly for 2021 and 2022 to \$62,000.

Intergovernmental – In 2018, the Township is expected to receive \$11,053 in homestead, rollback, and property tax exemption reimbursements, tangible personal property tax reimbursements, and other local grants. The decrease compared to prior years is mostly due to the Township expecting to receive less tangible personal property tax reimbursements. These reimbursements will decrease each year with the final reimbursement expected in 2020. The Township also anticipates receiving approximately \$8,500 for property tax exemption reimbursements during forecast years 2018, 2019, and 2020 with the amount increasing to \$8,600 during 2021 and 2022 due to the property tax reappraisal.

The Township has forecasted \$58,000 in 2018 and \$70,511 for 2019 through 2022 in local government funding for the forecasted period. These revenues are based on the State's biennial budget. The Township has also applied for and received local grant monies in prior years for various items. The Township will continue to apply for these local grants and has forecasted an amount of \$4,000 per year during the forecast period.

Fees, Licenses, and Permits – Fees, licenses, and permits primarily consist of cable franchise fees. Actual receipts averaged approximately \$36,000 per year. The Township anticipates receiving additional revenues during the forecast period due to new fiber optic lines being installed within the Township and the Township expecting additional customers for these services.

Rentals – Rental revenues are derived from the rental of the Township's community center for activities. Revenues are expected to remain consistent throughout the forecast period.

Interest – Interest revenue has varied from 2015 to 2017. The Township anticipates additional interest revenue during the forecast period due to the Township having more money to invest.

Other – The amount of receipts vary, including insurance recoveries received during 2016 as well as Bureau of Workers Compensation refunds that have been received in prior years. Based on amounts received in prior years, a conservative estimate of \$4,000 per year has been used throughout the forecast period.

St. Clair Township, Butler County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2018, through 2022

B. Lighting Districts Fund

Special Assessments – The Township receives special assessment monies that are assessed to citizens each year for street lighting. Collections are examined each year by the Fiscal Officer and, if necessary, the rates are adjusted. The assessments are adjusted so that yearly collections more closely match estimated expenditures.

C. Life Squad Fund

Real Property - Property values for 2018 thru 2020 are based on the estimate provided by the County Auditor. Tax revenues are anticipated to increase slightly in 2021 and 2022 due to the property appraisal completed during 2020. Based on a conservative estimate provided by the Butler County Auditor, 2018 thru 2020 property tax collections are expected to be approximately \$425,000 and are expected to increase slightly for 2021 and 2022 to \$429,000.

Intergovernmental – In 2018, the Township is expected to receive \$53,906 in homestead, rollback, and property tax exemption reimbursements and tangible personal property tax reimbursements. The decrease compared to prior years is mostly due to the Township expecting to receive less tangible personal property tax reimbursements compared to prior years. These reimbursements will decrease each year with the final reimbursement expected in 2020. The Township anticipates receiving approximately \$17,000 each year for property tax exemption reimbursements during the forecast period, with only slight increases occurring in 2021 and 2022 due to the 2020 reappraisal.

Note 6 - Expenditure Assumptions - All Funds

A. Personal Services

Personal services include the salaries paid to the employees and elected officials of the Township. The Township's part-time employees are paid on a bi-monthly basis. The Trustees and Fiscal Officer are paid monthly. The Trustees, by resolution each year, set the hourly rates for all employees. Personal services also include all salary related costs such as pension contributions, Medicare, and workers' compensation. The Township provides compensation, such as paid vacation and sick leave along with paid holidays for employees. No additional employees are expected to be added during the forecast period.

All Life Squad employees are part-time employees and hours worked is based on the availability of employees to work. The fund operated with 20 employees; however, during late 2018, the number of employees increased to 24. No other additional employees are expected to be added during the remainder of the forecast period.

The Township Trustees consists of three members with annual salaries of \$12,478 per member. Trustee salaries are established by State legislature by Ohio Revised Code Section 505.24 and are based on the Township's annual budget. The Trustees are paid from the General Fund, Road and Bridge Fund, Fire Districts Fund and the Life Squad Fund. Allocations to each fund is based on a percentage with the General Fund paying 40 percent and the remaining funds 20 percent each.

Fiscal Officer salaries are established by State legislature by Ohio Revised Code Section 507.09 and are based on the Township's annual budget. The Fiscal Officer's salary is forecasted at \$21,836 for the forecast period. Allocations to each fund is based on a percentage with the General Fund paying 40 percent and the remaining funds 20 percent each.

St. Clair Township, Butler County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2018, through 2022

Currently, the Township has four full-time employees. Previously, the Township also had a zoning officer; however, he resigned during 2016. The Administrative Assistant took over some of the duties of the zoning officer. The Administrative Assistant is paid an hourly rate for a standard work week plus overtime if earned. The Administrative Assistant's time is charged to General Fund, Road and Bridge Fund, Cemetery Fund, Fire Fund and Life Squad Fund depending on the hours worked. The three remaining employees also serve in different capacities. They are paid an hourly rate for a standard work week plus overtime if earned. These employees split their time between the Road and Bridge Fund and the Cemetery Fund.

B. Fringe Benefits

Fringe benefits include employer contributions to the State pension system, workers' compensation, and medicare. The Township also offers health care, dental, and vision to any elected or non-elected employees. The Township requires elected or non-elected employees eligible for Medicare must enroll in Medicare and the Township insurance will be considered supplemental insurance to Medicare. During the forecast period, an increase of five percent per year was included for insurance premiums. The Township also offers out-of-pocket reimbursements for all full-time employees. During the forecast period, this limit was established at \$2,500 per employee, which is less than in prior years.

All part-time employees and elected officials participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent (the maximum) of their annual salary and the Township is required to contribute 14 percent (the maximum) of their annual salary. Workers' compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The Township has few employees and workers compensation claims have been held to a minimum. Therefore, premiums are expected to remain constant.

C. Contractual Services

Contractual services include professional services related to repairs and maintenance of buildings, equipment, and cemeteries, accounting system software and maintenance fees, travel and meeting expenses, property, liability, and fidelity bond insurance, postage, advertising, property tax collection fees, payments to the County Health Department, telephone, electricity, legal services, and accounting and auditing services. Audits will be performed in 2018, 2020 and 2022 and will be paid from the General Fund at an estimated cost of \$10,000 per audit.

The Township contracts with various vendors for the delivery of materials used for road repairs and for services associated with cemetery maintenance. These services can vary significantly from year to year depending on need and the budget; however, the Township strives to keep these services at a minimum and will adjust these services accordingly should monies not be available as forecasted.

Property tax collection fees and election fees are paid to the Butler County Auditor and Treasurer and are expected to remain fairly consistent throughout the forecast period until 2021, when a slight increase is expected to coincide with the increase in property taxes. The County Health Department fees coincide with both the budget provided by the County Health Department along with population of the Township. This fee is anticipated to remain consistent during the forecast period.

St. Clair Township, Butler County
Summary of Significant Accounting Policies and Forecast Assumptions
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For 2018 through 2022, property and fleet insurance is anticipated to remain consistent throughout the forecast period.

For the Lighting Districts Fund, contractual services include electricity services for the street lights. Using 2017 actual expenditures, slight increases have been projected during the forecast period.

All other contractual services are expected to either remain unchanged throughout the forecast period or will increase slightly.

D. Supplies and Materials

Supplies and materials expenditures include office supplies, cleaning supplies, and miscellaneous small items to be used for minor maintenance and repairs. During 2015 through 2017, the Township saw small incremental increases in operating supplies. For forecasted year 2018, this amount is consistent with 2017. In 2019, there is a large increase due to the Township needing supplies for small repairs and maintenance as well as an increase in zoning enforcement. This amount will decrease slightly for the remaining years of the forecast period. Supplies for the Life Squad have increased slightly during the forecast period, mostly due to an increase in the amounts of services being provided.

E. Capital Outlay

The Township purchases equipment to be used to repair or maintain the roads and for fire or medical services when necessary. The Township has purchased equipment such as dump trucks, a fire truck, an ambulance, and lawn mowers in prior years. The Township currently does not anticipate any major General Fund capital outlay items during the forecasted years.

No capital outlay items are projected in the Life Squad Fund as the Township has a separate fund in which any necessary capital purchases will be made from.

Note 7 - Other Funds

The Township has several other funds that account for resources that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period.

Note 8 - Contingencies

A. Litigation

The Township is party to any legal proceedings. However, the ultimate disposition of these legal proceedings has yet to be determined and the amount due to the Township, if any, is not measurable.

St. Clair Township, Butler County
Summary of Significant Accounting Policies and Forecast Assumptions
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B. Grants

The Township received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position during the forecast period.



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
JANUARY 8, 2019**