



OHIO AUDITOR OF STATE
KEITH FABER



**ST. CLAIR TOWNSHIP
COLUMBIANA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis FYE 12/31/2017	3
Statement of Activities – Cash Basis FYE 12/31/2017	4
Fund Financial Statements:	
Statement of Assets and Fund Balances	
Governmental Funds – Cash Basis FYE 12/31/2017	5
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis -	
Governmental Funds FYE 12/31/2017	6
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual – Budget Basis FYE 12/31/2017	
General Fund.....	7
Road and Bridge Fund	8
Police Levy Fund.....	9
Fire Levy Fund.....	10
Notes to the Basic Financial Statements – FYE 12/31/2017	11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis FYE 12/31/2016	29
Statement of Activities – Cash Basis FYE 12/31/2016	30
Fund Financial Statements:	
Statement of Assets and Fund Balances	
Governmental Funds – Cash Basis FYE 12/31/2016	31
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis -	
Governmental Funds FYE 12/31/2016.....	32
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual – Budget Basis FYE 12/31/2016	
General Fund.....	33
Road and Bridge Fund	34
Police Levy Fund.....	35
Fire Levy Fund.....	36
Notes to the Basic Financial Statements – FYE 12/31/2016.....	37
Independent Auditor's Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Government Auditing Standards</i>	55
Schedule of Findings.....	57

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

St. Clair Township
Columbiana County
15442 Pugh Road, Suite 1
Calcutta, Ohio 43920

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clair Township, Columbiana County, Ohio (the Township), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clair Township, Columbiana County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General and Road and Bridge, Policy Levy, and Fire Levy funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2019, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2019

St. Clair Township
Columbiana County, Ohio
Statement of Net Position - Cash Basis
December 31, 2017

	Governmental Activities	Total
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,887,510	\$1,887,510
<i>Total Assets</i>	<i>\$1,887,510</i>	<i>\$1,887,510</i>
 Net Position		
Restricted for:		
Capital Projects	\$162,900	\$162,900
Debt Service	1,158	1,158
Other Purposes	656,485	656,485
Unrestricted	1,066,967	1,066,967
<i>Total Net Position</i>	<i>\$1,887,510</i>	<i>\$1,887,510</i>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
			Governmental Activities
Governmental Activities			
Current:			
General Government	\$328,678		(\$328,678)
Public Safety	1,631,612	25,552	(1,606,060)
Public Works	510,384	65,644	118,135
Human Services	20,200		(20,200)
Conservation-Recreation	3,874		(3,874)
Capital Outlay	59,255		(59,255)
Debt Service:			
Principal Retirement	268,807		(268,807)
Interest and Fiscal Charges	31,913		(31,913)
<i>Total Governmental Activities</i>	2,854,723	91,196	118,135
Total Primary Government	\$2,854,723	\$91,196	\$118,135
General Receipts:			
Property Taxes			2,160,616
Other Taxes			53,003
Capital Projects			
Grants and Entitlements not Restricted to Specific Programs			95,651
Other Debt Proceeds			29,928
Cable Franchise Fees			102,093
Earnings on Investments			11,965
Miscellaneous			126,365
Total General Receipts			2,579,621
<i>Change in Net Position</i>			(65,771)
<i>Net Position Beginning of Year</i>			1,953,281
<i>Net Position End of Year</i>			\$1,887,510

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2017

	<u>General</u>	<u>Road And Bridge</u>	<u>Police Levy Fund</u>	<u>Fire Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,051,220	\$162,087	\$289,807	\$51,543	\$332,853	\$1,887,510
<i>Total Assets</i>	<u>\$1,051,220</u>	<u>\$162,087</u>	<u>\$289,807</u>	<u>\$51,543</u>	<u>\$332,853</u>	<u>\$1,887,510</u>
Fund Balances						
Restricted		\$162,087	\$289,807	\$51,543	\$328,780	832,217
Committed					4,073	4,073
Unassigned	\$1,051,220					1,051,220
<i>Total Fund Balances</i>	<u>\$1,051,220</u>	<u>\$162,087</u>	<u>\$289,807</u>	<u>\$51,543</u>	<u>\$332,853</u>	<u>\$1,887,510</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2017

	General	Road And Bridge	Police Levy Fund	Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	191,865	\$314,010	\$1,026,444	\$266,686	\$262,518	\$2,061,523
Licenses, Permits and Fees	102,093				797	102,890
Fines and Forfeitures	20,233				2,328	22,561
Intergovernmental	96,161	41,954	128,104	31,410	136,091	433,720
Earnings on Investments	11,199				766	11,965
Miscellaneous	9,547	71,692	24,086	1,000	20,040	126,365
<i>Total Receipts</i>	<u>431,098</u>	<u>427,656</u>	<u>1,178,634</u>	<u>299,096</u>	<u>422,540</u>	<u>2,759,024</u>
Disbursements						
Current:						
General Government	312,997				15,681	328,678
Public Safety	1,200		1,312,862	314,581	2,969	1,631,612
Public Works	106,870	275,273			128,241	510,384
Human Services	4,200				16,000	20,200
Conservation-Recreation	3,874					3,874
Capital Outlay	14,705		29,928		14,622	59,255
Debt Service:						
Principal Retirement		49,819	19,089		199,899	268,807
Interest and Fiscal Charges		7,881	1,637		22,395	31,913
<i>Total Disbursements</i>	<u>443,846</u>	<u>332,973</u>	<u>1,363,516</u>	<u>314,581</u>	<u>399,807</u>	<u>2,854,723</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,748)</u>	<u>94,683</u>	<u>(184,882)</u>	<u>(15,485)</u>	<u>22,733</u>	<u>(95,699)</u>
Other Financing Sources (Uses)						
Other Debt Proceeds			29,928			29,928
Transfers In					77,453	77,453
Transfers Out	(77,453)					(77,453)
<i>Total Other Financing Sources (Uses)</i>	<u>(77,453)</u>	<u>0</u>	<u>29,928</u>	<u>0</u>	<u>77,453</u>	<u>29,928</u>
<i>Net Change in Fund Balances</i>	(90,201)	94,683	(154,954)	(15,485)	100,186	(65,771)
<i>Fund Balances Beginning of Year</i>	<u>1,141,421</u>	<u>67,404</u>	<u>444,761</u>	<u>67,028</u>	<u>232,667</u>	<u>1,953,281</u>
<i>Fund Balances End of Year</i>	<u>\$1,051,220</u>	<u>\$162,087</u>	<u>\$289,807</u>	<u>\$51,543</u>	<u>\$332,853</u>	<u>\$1,887,510</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$163,077	\$188,900	\$191,865	\$2,965
Licenses, Permits and Fees	94,900	94,900	102,093	7,193
Fines and Forfeitures	9,820	9,820	20,233	10,413
Intergovernmental	107,833	107,833	96,161	(11,672)
Earnings on Investments	1,225	1,225	11,199	9,974
Miscellaneous	2,000	17,000	9,547	(7,453)
<i>Total Receipts</i>	<u>378,855</u>	<u>419,678</u>	<u>431,098</u>	<u>11,420</u>
Disbursements				
Current:				
General Government	293,787	336,322	312,997	23,325
Public Safety	2,700	1,200	1,200	0
Public Works	94,300	116,870	106,870	10,000
Conservation-Recreation	7,000	6,175	3,874	2,301
Capital Outlay	20,000	14,767	14,705	62
<i>Total Disbursements</i>	<u>421,987</u>	<u>479,534</u>	<u>443,846</u>	<u>35,688</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(43,132)</u>	<u>(59,856)</u>	<u>(12,748)</u>	<u>47,108</u>
Other Financing (Uses)				
Transfers Out	(78,000)	(77,453)	(77,453)	0
Other Financing Uses	(2,000)			0
<i>Total Other Financing (Uses)</i>	<u>(80,000)</u>	<u>(77,453)</u>	<u>(77,453)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(123,132)	(137,309)	(90,201)	47,108
<i>Unencumbered Fund Balance Beginning of Year</i>	1,139,434	1,139,434	1,139,434	0
Prior Year Encumbrances Appropriated	1,987	1,987	1,987	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,018,289</u>	<u>\$1,004,112</u>	<u>\$1,051,220</u>	<u>\$47,108</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$288,000	\$288,001	\$314,010	\$26,009
Intergovernmental	35,800	35,800	41,954	6,154
Miscellaneous		68,597	71,692	3,095
<i>Total Receipts</i>	<u>323,800</u>	<u>392,398</u>	<u>427,656</u>	<u>35,258</u>
Disbursements				
Current:				
Public Works	326,906	339,704	275,273	64,431
Capital Outlay		57,700		57,700
Debt Service:				
Principal Retirement			49,819	(7,881)
Interest and Fiscal Charges	1,900		7,881	(7,881)
<i>Total Disbursements</i>	<u>328,806</u>	<u>397,404</u>	<u>332,973</u>	<u>106,369</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,006)</u>	<u>(5,006)</u>	<u>94,683</u>	<u>99,689</u>
<i>Net Change in Fund Balance</i>	<u>(5,006)</u>	<u>(5,006)</u>	<u>94,683</u>	<u>99,689</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	63,598	63,598	63,598	0
Prior Year Encumbrances Appropriated	<u>3,806</u>	<u>3,806</u>	<u>3,806</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$62,398</u>	<u>\$62,398</u>	<u>\$162,087</u>	<u>\$99,689</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Levy Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$933,800	\$958,800	\$1,026,444	\$67,644
Intergovernmental	125,000	125,000	128,104	3,104
Miscellaneous	100	15,100	24,086	8,986
<i>Total Receipts</i>	<u>1,058,900</u>	<u>1,098,900</u>	<u>1,178,634</u>	<u>79,734</u>
Disbursements				
Current:				
Public Safety	1,302,077	1,349,336	1,312,862	36,474
Capital Outlay			29,928	(29,928)
Debt Service:				
Principal Retirement	10,930	19,089	19,089	0
Interest and Fiscal Charges	1,637	1,637	1,637	0
<i>Total Disbursements</i>	<u>1,314,644</u>	<u>1,370,062</u>	<u>1,363,516</u>	<u>6,546</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(255,744)</u>	<u>(271,162)</u>	<u>(184,882)</u>	<u>86,280</u>
Other Financing Sources				
Other Debt Proceeds			29,928	29,928
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>29,928</u>	<u>29,928</u>
<i>Net Change in Fund Balance</i>	(255,744)	(271,162)	(154,954)	116,208
<i>Unencumbered Fund Balance Beginning of Year</i>	429,699	429,699	429,699	0
Prior Year Encumbrances Appropriated	15,062	15,062	15,062	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$189,017</u>	<u>\$173,599</u>	<u>\$289,807</u>	<u>\$116,208</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$253,400	\$253,400	\$266,686	\$13,286
Intergovernmental	20,000	20,000	31,410	11,410
Miscellaneous			1,000	1,000
<i>Total Receipts</i>	<u>273,400</u>	<u>273,400</u>	<u>299,096</u>	<u>25,696</u>
Disbursements				
Current:				
Public Safety	<u>315,000</u>	<u>315,000</u>	<u>314,581</u>	<u>419</u>
<i>Total Disbursements</i>	<u>315,000</u>	<u>315,000</u>	<u>314,581</u>	<u>419</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,600)</u>	<u>(41,600)</u>	<u>(15,485)</u>	<u>26,115</u>
<i>Net Change in Fund Balance</i>	(41,600)	(41,600)	(15,485)	26,115
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>67,028</u>	<u>67,028</u>	<u>67,028</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$25,428</u>	<u>\$25,428</u>	<u>\$51,543</u>	<u>\$26,115</u>

See accompanying notes to the basic financial statements

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

St. Clair Township, Columbiana County, Ohio (the Township), is a body politic and corporate established March 5, 1805 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges and provides a police department through levies for police protection.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Accounting

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

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies - Continued

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

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds

General 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.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Police Levy Fund The police levy fund accounts for and reports property tax (outside millage) committed for the purpose of police protection.

Fire Levy Fund The fire levy fund accounts for and reports property tax (outside millage) committed for the purpose of providing protection against fire.

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

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

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

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies - Continued

Budgetary Process

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

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the minimum level: at the office, department, division, and, within each, the amount appropriated for personal services.

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

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

Cash

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2017, the Township invested in STAR Ohio.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies – Continued

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Township also implemented GASB Statement No. 79 for 2017. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2017 was \$11,199 which includes \$196 assigned from other Township funds.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Long-Term Obligations

The Township’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies - Continued

Net Position

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies – Continued

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Note 3 – Accountability and Compliance

Compliance

There are no significant violations of finance-related legal or contractual provisions.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – Deposits and Investments

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

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

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

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

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 5 – Deposits and Investments - Continued

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

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

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 5 – Deposits and Investments - Continued

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$795,468 of the Township’s bank balance of \$1,045,468 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Township to a successful claim by the FDIC

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2017, the Township had the following investments

	Measurement Value	Maturity
Star Ohio -General	942,652	Less than 60 days
Star Ohio - Capital Improvement	26,194	
Total Portfolio	\$968,846	

Interest Rate Risk. The Township’s investment policy addresses interest rate risk by requiring that the Township’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 6 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2017, was \$67.37 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$144,897,620
Public Utility Personal Property	<u>13,759,220</u>
 Total	 <u><u>\$158,656,840</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 7 – Interfund Balances and Transfers

Transfers

During 2017, the following transfers were made:

Transfer to	Transfer from			Total
	Major Funds			
	General	Major Special Revenue Fund	Other Nonmajor Governmental	
Other Nonmajor Debt Retirement Fund	\$77,453	\$0	\$0	\$77,453

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 7 – Interfund Balances and Transfers - Continued

The above mentioned Transfers from/to were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Nonroutine transfers from the Major Special Revenue Fund and other nonmajor governmental funds were in compliance with Ohio Revised Code to either make debt payments or for designated projects.

Note 8 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 8 – Risk Management- Continued

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$15,404.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>2017 Contributions to OTARMA</u>
\$35,010

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 9 – Defined Benefit Pension Plan - Continued

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 9 – Defined Benefit Pension Plan - Continued

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member- Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 9 – Defined Benefit Pension Plan - Continued

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$151,599 for year 2017.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded 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 of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 10 - Postemployment Benefits - Continued

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0%.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$10,829 \$16,734 and \$17,649, respectively. The full amount has been contributed for all three years.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 11 – Debt

Notes Payable

A summary of the note transactions for the year ended December 31, 2017, follows:

	Outstanding 12/31/16	Issued	Retired	Outstanding 12/31/17
Governmental Activities				
2008 Tax Increment Revenue Bond	\$262,367		\$131,194	\$131,173
2012 Administrative Building	223,009		68,705	154,304
2017 Ford Police Interceptor Utility		29,928	8,159	21,769
2015 Radios & Wireless Infrastructure -Police	22,651		10,930	11,721
2016 Western Star Trucks	210,735		49,819	160,916
<i>Total Governmental Activities</i>	<u>718,762</u>	<u>29,928</u>	<u>268,807</u>	<u>479,883</u>

The 2008 Tax Increment Revenue Bonds were issued for \$1,311,936 with an interest rate of 5.18% and will be paid off in 2018.

The 2012 loan for the Administrative building was issued for \$523,280 with an interest rate of 4.25% and will be paid off in 2020.

The 2015 loan for radios and wireless infrastructure was issued for \$32,844 with a 0% interest rate and will be paid off in 2018.

The 2016 loan to Western Star Trucks was for the lease-purchase of a dump truck was issued for \$268,435 at an interest rate of 3.74% and will be paid off in 2020.

The 2017 loan for the Ford Police Interceptor Utility was issued for \$29,928 with an interest rate of 6.10% and will be paid off in 2020.

All note proceeds had been spent at December 31, 2017.

Year	General Obligation Bonds		General Obligation Notes		Radios & Wireless Infrastructure	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 131,173	\$ 6,796	\$ 72,231	\$ 4,221	\$ 11,721	\$ 847
2019			75,406	2,047		
2020			6,667	23		
Total	<u>\$131,173</u>	<u>\$6,796</u>	<u>\$154,304</u>	<u>\$6,291</u>	<u>\$11,721</u>	<u>\$847</u>

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 11 – Debt - Continued

Year	Dump Truck		Ford Interceptor Utility	
	Principal	Interest	Principal	Interest
2018	\$51,682	\$ 6,018	\$6,831	\$1,328
2019	53,615	4,085	7,248	911
2020	55,619	2,080	7,690	469
Total	<u>\$160,916</u>	<u>\$12,183</u>	<u>\$21,769</u>	<u>\$2,708</u>

Note 12 – Public Entity Risk Pool

We are a member of the OTARMA intergovernmental pool. Refer to Note 8.

Note 13 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Road and Bridge	Police Levy Fund	Fire Levy Fund	Other Governmental Funds
Restricted for					
Public Works		\$ 162,087			\$ 328,780
Public Safety - Police			\$ 289,807		
Public Safety - Fire				\$ 51,543	
<i>Total Restricted</i>	<u>0</u>	<u>162,087</u>	<u>289,807</u>	<u>51,543</u>	<u>328,780</u>
Committed to					4,073
Unrestricted	\$ 1,051,220				
<i>Total Fund Balances</i>	<u>\$1,051,220</u>	<u>\$162,087</u>	<u>\$289,807</u>	<u>\$51,543</u>	<u>\$332,853</u>

Note 14 – Subsequent Events

During 2019, the Township entered into three new debt agreements. Two Police cruisers were authorized to be purchased from Tri State Ford in the total amount of \$62,241, a 621G T4 Loader was authorized to be purchased from Southeastern Equipment for \$147,587, and a 2019 Dodge Durango from Columbiana Dodge, Chrysler, Jeep in the amount of \$25,276.

This page intentionally left blank.

St. Clair Township
Columbiana County, Ohio
Statement of Net Position - Cash Basis
December 31, 2016

	Governmental Activities	Total
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,953,281	\$1,953,281
<i>Total Assets</i>	<i>\$1,953,281</i>	<i>\$1,953,281</i>
 Net Position		
Restricted for:		
Capital Projects	\$112,481	\$112,481
Debt Service	1,158	1,158
Other Purposes	698,221	698,221
Unrestricted	1,141,421	1,141,421
<i>Total Net Position</i>	<i>\$1,953,281</i>	<i>\$1,953,281</i>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General Government	\$273,076				(\$273,076)
Public Safety	1,502,013	28,567			(1,473,446)
Public Works	656,083	65,949	132,600	5,124	(452,410)
Health	42,926				(42,926)
Human Services	9,697				(9,697)
Conservation-Recreation	6,846				(6,846)
Other	456		1,498		1,042
Capital Outlay	329,772				(329,772)
Debt Service:					
Principal Retirement	301,721				(301,721)
Interest and Fiscal Charges	35,318				(35,318)
<i>Total Governmental Activities</i>	3,157,908	94,516	134,098	5,124	(2,924,170)
Total Primary Government	\$3,157,908	\$94,516	\$134,098	\$5,124	(2,924,170)
General Receipts:					
Property Taxes					1,118,258
Other Taxes					52,708
Grants and Entitlements not Restricted to Specific Programs					1,100,186
Other Debt Proceeds					268,435
Sale of Capital Assets					1,150
Cable Franchise Fees					98,972
Earnings on Investments					5,950
Miscellaneous					27,121
Total General Receipts					2,672,780
<i>Change in Net Position</i>					(251,390)
<i>Net Position Beginning of Year</i>					2,204,671
<i>Net Position End of Year</i>					\$1,953,281

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	<u>General</u>	<u>Road And Bridge</u>	<u>Police Levy Fund</u>	<u>Fire Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,141,421	\$67,404	\$444,761	\$67,028	\$232,667	\$1,953,281
<i>Total Assets</i>	<u>\$1,141,421</u>	<u>\$67,404</u>	<u>\$444,761</u>	<u>\$67,028</u>	<u>\$232,667</u>	<u>\$1,953,281</u>
Fund Balances						
Restricted		\$67,404	\$444,761	\$67,028	\$226,442	805,635
Committed					6,225	6,225
Assigned	\$135,322					135,322
Unassigned	<u>1,006,099</u>					<u>1,006,099</u>
<i>Total Fund Balances</i>	<u>\$1,141,421</u>	<u>\$67,404</u>	<u>\$444,761</u>	<u>\$67,028</u>	<u>\$232,667</u>	<u>\$1,953,281</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	General	Road And Bridge	Police Levy Fund	Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	155,849	\$307,782	\$1,013,604	\$263,096	\$272,037	\$2,012,368
Licenses, Permits and Fees	98,972				858	99,830
Fines and Forfeitures	12,814				1,490	14,304
Intergovernmental	101,417	42,835	133,816	31,785	167,009	476,862
Earnings on Investments	5,675				275	5,950
Miscellaneous	6,924	1,934	8,653		10,108	27,619
<i>Total Receipts</i>	<u>381,651</u>	<u>352,551</u>	<u>1,156,073</u>	<u>294,881</u>	<u>451,777</u>	<u>2,636,933</u>
Disbursements						
Current:						
General Government	263,658				9,418	273,076
Public Safety	2,628		1,205,045	288,340	6,000	1,502,013
Public Works	96,617	369,089			190,377	656,083
Health	42,926					42,926
Human Services	2,217				7,480	9,697
Conservation-Recreation	6,846					6,846
Capital Outlay	23,152	268,435	550		37,635	329,772
Debt Service:						
Principal Retirement		57,700	28,046		215,975	301,721
Interest and Fiscal Charges			3,445		31,873	35,318
<i>Total Disbursements</i>	<u>438,044</u>	<u>695,224</u>	<u>1,237,086</u>	<u>288,340</u>	<u>498,758</u>	<u>3,157,452</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(56,393)</u>	<u>(342,673)</u>	<u>(81,013)</u>	<u>6,541</u>	<u>(46,981)</u>	<u>(520,519)</u>
Other Financing Sources (Uses)						
Other Debt Proceeds		268,435				268,435
Sale of Capital Assets			1,150			1,150
Transfers In					77,453	77,453
Transfers Out	(77,453)					(77,453)
Other Financing Uses	(456)					(456)
<i>Total Other Financing Sources (Uses)</i>	<u>(77,909)</u>	<u>268,435</u>	<u>1,150</u>		<u>77,453</u>	<u>269,129</u>
<i>Net Change in Fund Balances</i>	<u>(134,302)</u>	<u>(74,238)</u>	<u>(79,863)</u>	<u>6,541</u>	<u>30,472</u>	<u>(251,390)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,275,723</u>	<u>141,642</u>	<u>524,624</u>	<u>60,487</u>	<u>202,195</u>	<u>2,204,671</u>
<i>Fund Balances End of Year</i>	<u>\$1,141,421</u>	<u>\$67,404</u>	<u>\$444,761</u>	<u>\$67,028</u>	<u>\$232,667</u>	<u>\$1,953,281</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$40,184	\$40,184	\$155,849	\$115,665
Charges for Services				0
Licenses, Permits and Fees	94,900	94,900	98,972	4,072
Fines and Forfeitures	9,115	9,115	12,814	3,699
Intergovernmental	107,036	107,036	101,417	(5,619)
Earnings on Investments	1,050	1,050	5,675	4,625
Miscellaneous	7,500	7,500	6,924	(576)
<i>Total Receipts</i>	<u>259,785</u>	<u>259,785</u>	<u>381,651</u>	<u>121,866</u>
Disbursements				
Current:				
General Government	348,108	332,426	263,658	68,768
Public Safety	3,500	2,628	2,628	0
Public Works	106,450	110,232	96,617	13,615
Health	40,000	42,926	42,926	0
Human Services		2,217	2,217	0
Conservation-Recreation	8,500	8,500	6,846	1,654
Other				
Capital Outlay	16,319	23,949	23,152	797
<i>Total Disbursements</i>	<u>522,877</u>	<u>522,878</u>	<u>438,044</u>	<u>84,834</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(263,092)</u>	<u>(263,093)</u>	<u>(56,393)</u>	<u>206,700</u>
Other Financing Sources (Uses)				
Transfers Out	(78,000)	(78,000)	(77,453)	547
Other Financing Uses	(456)	(456)	(456)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(78,456)</u>	<u>(78,456)</u>	<u>(77,909)</u>	<u>547</u>
<i>Net Change in Fund Balance</i>	(341,548)	(341,549)	(134,302)	207,247
<i>Unencumbered Fund Balance Beginning of Year</i>	1,274,390	1,274,390	1,274,390	0
Prior Year Encumbrances Appropriated	1,333	1,333	1,333	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$934,175</u>	<u>\$934,174</u>	<u>\$1,141,421</u>	<u>\$207,247</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$282,800	\$282,800	\$287,147	\$4,347
Intergovernmental	30,000	33,618	63,470	29,852
Miscellaneous			1,934	1,934
<i>Total Receipts</i>	<u>312,800</u>	<u>316,418</u>	<u>352,551</u>	<u>36,133</u>
Disbursements				
Current:				
Public Works	351,796	393,900	369,089	24,811
Capital Outlay			268,435	(268,435)
Debt Service:				
Principal Retirement		58,075	57,700	375
<i>Total Disbursements</i>	<u>351,796</u>	<u>451,975</u>	<u>695,224</u>	<u>(243,249)</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(38,996)</u>	<u>(135,557)</u>	<u>(342,673)</u>	<u>(207,116)</u>
Other Financing Sources				
Other Debt Proceeds			268,435	268,435
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>268,435</u>	<u>268,435</u>
<i>Net Change in Fund Balance</i>	(38,996)	(135,557)	(74,238)	61,319
<i>Unencumbered Fund Balance Beginning of Year</i>	139,846	139,846	139,846	0
Prior Year Encumbrances Appropriated	1,796	1,796	1,796	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$102,646</u>	<u>\$6,085</u>	<u>\$67,404</u>	<u>\$61,319</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Levy Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$933,800	\$933,800	\$1,013,604	\$79,804
Intergovernmental	64,000	64,000	133,816	69,816
Miscellaneous			8,653	8,653
<i>Total Receipts</i>	<u>997,800</u>	<u>997,800</u>	<u>1,156,073</u>	<u>158,273</u>
Disbursements				
Current:				
Public Safety	1,276,300	1,276,330	1,205,045	71,285
Capital Outlay	32,200	19,603	550	19,053
Debt Service:				
Principal Retirement		10,193	28,046	(17,853)
Interest and Fiscal Charges		2,374	3,445	(1,071)
<i>Total Disbursements</i>	<u>1,308,500</u>	<u>1,308,500</u>	<u>1,237,086</u>	<u>71,414</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(310,700)</u>	<u>(310,700)</u>	<u>(81,013)</u>	<u>229,687</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			1,150	1,150
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,150</u>	<u>1,150</u>
<i>Net Change in Fund Balance</i>	(310,700)	(310,700)	(79,863)	230,837
<i>Unencumbered Fund Balance Beginning of Year</i>	516,124	516,124	516,124	0
Prior Year Encumbrances Appropriated	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$213,924</u>	<u>\$213,924</u>	<u>\$444,761</u>	<u>\$230,837</u>

See accompanying notes to the basic financial statements

St. Clair Township
Columbiana County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$240,500	\$240,500	\$263,096	\$22,596
Intergovernmental	17,800	17,800	31,785	13,985
<i>Total Receipts</i>	<u>258,300</u>	<u>258,300</u>	<u>294,881</u>	<u>36,581</u>
Disbursements				
Current:				
Public Safety	<u>289,000</u>	<u>289,000</u>	<u>288,340</u>	<u>660</u>
<i>Total Disbursements</i>	<u>289,000</u>	<u>289,000</u>	<u>288,340</u>	<u>660</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(30,700)</u>	<u>(30,700)</u>	<u>6,541</u>	<u>37,241</u>
<i>Net Change in Fund Balance</i>	<u>(30,700)</u>	<u>(30,700)</u>	<u>6,541</u>	<u>37,241</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>60,487</u>	<u>60,487</u>	<u>60,487</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$29,787</u>	<u>\$29,787</u>	<u>\$67,028</u>	<u>\$37,241</u>

See accompanying notes to the basic financial statements

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

St. Clair Township, Columbiana County, Ohio (the Township), is a body politic and corporate established March 5, 1805 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges and provides a police department through levies for police protection.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Basis of Accounting

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

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies - Continued

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

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

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds

General 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.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Police Levy Fund The police levy fund accounts for and reports property tax (outside millage) committed for the purpose of police protection.

Fire Levy Fund The fire levy fund accounts for and reports property tax (outside millage) committed for the purpose of providing protection against fire.

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

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies - Continued

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

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

Budgetary Process

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

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the minimum level: at the office, department, division, and, within each, the amount appropriated for personal services.

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

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

Cash

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

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies - Continued

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2016, the Township invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$5,675 which includes \$94 assigned from other Township funds.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies - Continued

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies - Continued

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Note 3 – Accountability and Compliance

Compliance

There are no significant violations of finance-related legal or contractual provisions.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – Deposits and Investments

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

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

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

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 5 – Deposits and Investments - Continued

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited

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

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 5 – Deposits and Investments - Continued

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$917,152 of the Township’s bank balance of \$1,167,152 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Township to a successful claim by the FDIC

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2016, the Township had the following investments

	<u>Measurement Value</u>	<u>Maturity</u>
Star Ohio -General	932,653	
Star Ohio - Capital Improvement	25,916	
Total Portfolio	<u>\$958,569</u>	Less than 60 days

Interest Rate Risk. The Township’s investment policy addresses interest rate risk by requiring that the Township’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 5 – Deposits and Investments - Continued

Custodial Credit Risk

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Note 6 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2016, was \$67.37 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$141,039,540
Public Utility Personal Property	<u>12,309,730</u>
Total	<u><u>\$153,349,270</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 7 – Interfund Balances and Transfers

Transfers

During 2016, the following transfers were made:

Transfer to	Transfer from			Total
	Major Funds			
	General	Major Special Revenue Fund	Other Nonmajor Governmental	
Other Nonmajor Debt Retirement Fund	\$77,453	\$0	\$0	\$77,453

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Nonroutine transfers from the Major Special Revenue Fund and other nonmajor governmental funds were in compliance with Ohio Revised Code to either make debt payments or for designated projects.

Note 8 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 8 – Risk Management- Continued

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016.

	2016
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township’s share of these unpaid claims collectible in future years is approximately \$14,189.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>2016 Contributions to OTARMA</u>
\$31,530

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 – Defined Benefit Pension Plan – Continued

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 – Defined Benefit Pension Plan – Continued

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested Employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 – Defined Benefit Pension Plan – Continued

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$234,270 for year 2016.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded 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 of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 10 - Postemployment Benefits - Continued

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 was 2.00%. Starting January 1, 2017, the portion of employer contributions allocated to fund postemployment healthcare for members in the Traditional Plan and Combined Plan for 2017 will be 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$16,734, \$17,649 and \$18,046, respectively. The full amount has been contributed for all three years.

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 11 – Debt

Notes Payable

A summary of the note transactions for the year ended December 31, 2016, follows:

	Outstanding 12/31/15	Issued	Retired	Outstanding 12/31/16
Governmental Activities				
2008 Tax Increment Revenue Bond	\$393,561		\$131,194	\$262,367
2012 Administration Building	289,484		66,475	223,009
2015 Two Police Interceptor Sedans	17,853		17,853	
2014 Case CX559 Excavator	18,307		18,307	
2015 Radios & Wireless Infrastructure -Police	32,844		10,193	22,651
2016 Western Star Trucks		268,435	57,700	210,735
<i>Total Governmental Activities</i>	<u>\$ 752,049</u>	<u>\$ 268,435</u>	<u>\$ 301,722</u>	<u>\$ 718,762</u>

The 2008 Tax Increment Revenue Bonds were issued for \$1,311,936 with an interest rate of 5.18% and will be paid off in 2018.

The 2012 loan for the Administrative building was issued for \$523,280 with an interest rate of 4.25% and will be paid off in 2020.

The 2015 loan for radios and wireless infrastructure was issued for \$32,844 with a 0% interest rate and will be paid off in 2018.

The 2016 loan to Western Star Trucks was for the lease-purchase of a dump truck was issued for \$268,435 at an interest rate of 3.74% and will be paid off in 2020.

All note proceeds had been spent at December 31, 2016.

Year	General Obligation Bonds		General Obligation Notes		Radios & Wireless Infrastructure	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$131,194	\$ 13,592	\$68,705	\$8,262	\$10,930	\$1,637
2018	131,173	6,796	72,231	4,221	11,721	847
2019			75,406	2,047		
2020			6,667	23		
Total	<u>\$262,367</u>	<u>\$20,388</u>	<u>\$223,009</u>	<u>\$14,553</u>	<u>\$22,651</u>	<u>\$2,484</u>

ST. CLAIR TOWNSHIP
Columbiana County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 11 – Debt - Continued

Year	Dump Truck	
	Principal	Interest
2017	\$49,819	\$7,881
2018	51,682	6,018
2019	53,615	4,085

Note 12 – Public Entity Risk Pool

We are a member of the OTARMA intergovernmental pool. Refer to Note 8.

Note 13 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Road and Bridge	Police Levy Fund	Fire Levy Fund	Other Governmental Funds
Restricted for					
Public Works		\$ 67,404			\$ 226,442
Public Safety - Police			\$ 444,761		
Public Safety - Fire				\$ 67,028	
<i>Total Restricted</i>	0	67,404	444,761	67,028	226,442
Committed to					6,225
Assigned to	\$ 135,322				
Unrestricted	1,006,099				
<i>Total Fund Balances</i>	\$1,006,099	67,404	444,761	\$67,028	\$232,667

Note 14 – Subsequent Events

During 2017, the Township issued a loan for the Ford Police Interceptor Utility vehicle in the amount of \$29,928. During 2019, the Township entered into three new debt agreements. Two Police cruisers were authorized to be purchased from Tri State Ford in the total amount of \$62,241, a 621G T4 Loader was authorized to be purchased from Southeastern Equipment for \$147,587, and a 2019 Dodge Durango from Columbiana Dodge, Chrysler, Jeep in the amount of \$25,276.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-
9272

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

St. Clair Township
Columbiana County
15442 Pugh Road, Suite 1
Calcutta, Ohio 43920

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clair Township, Columbiana County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 16, 2019, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

August 16, 2019

**ST. CLAIR TOWNSHIP
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness – Accurate Posting of Transactions

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer did not abide by the adopted chart of account in coding and classifying various transactions in 2017 and 2016. This resulted in adjustments and reclassifications to the financial statements. The Township Fiscal Officer and management have agreed to and posted the adjustments to the Township's accounting records. The corrected amounts are reflected in the accompanying financial statements.

2017 Adjustments:

Fund Adjusted	Line Item	Amount	Fund Adjusted From/Explanation
Governmental Activities and Police Levy Special Revenue	Capital Outlay and Other Debt Proceeds	\$29,928	To record debt proceeds and capital outlay for purchase of a police cruiser.
General	Property and Other Local Taxes Original and Final Receipts	11,145 and 14,678	To adjust the Budget versus Actual Statement to reflect the amended certificate of estimated resources.
Road and Bridge Special Revenue	Property and Other Local Taxes Original and Final Receipts	11,000	To adjust the Budget versus Actual Statement to reflect the amended certificate of estimated resources.
Road and Bridge Special Revenue	Property and Other Local Taxes Original and Final Receipts	900	To adjust the Budget versus Actual Statement to reflect original and final receipts approved by the Trustees.
Police Levy Special Revenue	Public Works Original and Final Appropriations	418	To adjust the Budget versus Actual Statement to reflect the final appropriations approved by the Trustees.
Police Levy Special Revenue	Public Safety Original and Final Appropriations	61,101 and 86,100	To adjust the Budget versus Actual Statement to reflect the final appropriations approved by the Trustees.

FINDING NUMBER 2017-001
 (Continued)

2017 Reclassifications:

Fund	Reclassified from:	Amount	Reclassified to:
Governmental Activities and Road and Bridge Special Revenue	Capital Outlay	\$49,819 and \$7,881	Principal Retirement and Interest and Fiscal Charges Expense
Road and Bridge Special Revenue	Property and Other Local Taxes Receipts	20,635	Intergovernmental Receipts
Police Levy Special Revenue	Property and Other Local Taxes Receipts	63,009	Intergovernmental Receipts
Fire Levy Special Revenue	Property and Other Local Taxes Receipts	15,449	Intergovernmental Receipts
Governmental Activities	Grants and Entitlements Not Restricted to Specific Programs	1,080,273	Property Taxes

2016 Adjustments:

Fund Adjusted	Line Item	Amount	Fund Adjusted From/Explanation
General and Fire Levy Special Revenue Fund	Fund Balance Beginning of Year	\$15,747	To adjust the financial statements for a fund balance adjustment made in the prior audit and not posted to the accounting system.
General	Property and Other Local Taxes Original and Final Receipts	142,815 and 142,816	To adjust the Budget versus Actual Statement to reflect the amended certificate of estimated resources.
Road and Bridge Special Revenue	Property and Other Local Taxes Original and Final Receipts	5,800 and 5,799	To adjust the Budget versus Actual Statement to reflect the amended certificate of estimated resources.
Police Levy Special Revenue	Property and Other Local Taxes Original and Final Receipts	43,800	To adjust the Budget versus Actual Statement to reflect the amended certificate of estimated resources.
Governmental Activities and Road and Bridge Special Revenue	Capital Outlay Expense and Other Debt Proceeds	268,435	To record debt proceeds and capital outlay for the purchase of dump trucks.

FINDING NUMBER 2017-001
 (Continued)

2016 Reclassifications:

Fund	Reclassified From:	Amount	Reclassified to:
Governmental Activities and Road and Bridge Special Revenue	Capital Outlay	\$57,700	Principal Retirement Expense
Governmental Activities and Police Levy Special Revenue	Capital Outlay	17,853 and 1,071	Principal Retirement and Interest and Fiscal Charges Expense
General	Unassigned Fund Balance	135,322	Assigned Fund Balance

Other mispostings were identified, however, the amounts were not material and the Township decided not to make the adjustments.

Additionally, the Township did not have procedures in place to correctly disclose information in the notes to the financial statements. The below errors were corrected in the final financial statement notes.

- **The 2017 Notes had the following errors:**
 - Information regarding "modified" financial statements was included, however, the Township does not report "modified" cash basis financial statements;
 - The figures reported as bank balance and amount exposed to custodial credit risk did not agree to the amounts at December 31, 2017;
 - The Risk Management Note included 2016 figures and was not reflective of the most current OTARMA shell;
 - The Defined Benefit Pension Plan and Postemployment Benefits Notes did not include the language from the most current shell; and
 - The Debt Note table did not include the proper beginning and ending balances, a description of each debt issue was not included and a table of future payments for each debt issue was not presented.

- **The 2016 Notes had the following errors:**
 - Information regarding "modified" financial statements was included, however, the Township does not report "modified" cash basis financial statements;
 - The figures reported as bank balance and amount exposed to custodial credit risk did not agree to the amounts at December 31, 2016;
 - The Risk Management Note included 2015 and 2014 figures and was not reflective of the most current OTARMA shell;
 - The Defined Benefit Pension Plan and Postemployment Benefits Notes did not include the language from the most current shell; and
 - The Debt Note table did not include the proper beginning and ending balances, a description of each debt issue was not included and a table of future payments for each debt issue was not presented;

FINDING NUMBER 2017-001
 (Continued)

Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. Additionally, inaccurate notes to the financial statements can impact the quality of the financial report.

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported. In addition, the Township should review the financial statements and notes prior to report submission.

FINDING NUMBER 2017-002

Material Weakness – Budgetary Amounts Not Recorded in Accounting System

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

Authorized budgetary measures were not accurately posted to the accounting ledgers in 2017 and 2016.

The following variances were identified:

2017:

Fund	Amended Certificate of Estimated Resources Approved by Trustees	Estimated Resources Posted to Accounting System	Variance
General	\$419,678	\$405,000	\$14,678
Road and Bridge Special Revenue	392,397	381,397	11,000
Police Levy Special Revenue	1,098,900	1,012,800	86,100

FINDING NUMBER 2017-002
 (Continued)

2016:

Fund	Amended Certificate of Estimated Resources Approved by Trustees	Estimated Resources Posted to Accounting System	Variance
General	\$259,785	\$402,600	\$142,815
Road and Bridge Special Revenue	316,418	310,618	5,800
Police Levy Special Revenue	997,800	954,000	43,800

The above errors were corrected in the financial statements. Other variances were identified, however, the amounts had no financial statement impact and were not reported above.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this led to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers and ensure amounts are properly reported on the filed financial statements.

Officials' Response: We did not receive a response from Officials to the findings reported above.

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER



ST. CLAIR TOWNSHIP

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 3, 2019**