



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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SCIOTO TOWNSHIP
PIKE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2013 and 2012
Fiscal Years Audited Under GAGAS: 2013 and 2012



Dave Yost • Auditor of State

Board of Trustees
Scioto Township
1851 Bailey Chapel Road
Beaver, Ohio 45613

We have reviewed the *Independent Auditor's Report* of Scioto Township, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Ohio Rev. Code § 505.60 allows townships to reimburse a township officer or employee for out-of-pocket premiums for insurance policies. The reimbursement is permitted for a township officer or employee who elects not to participate in the township's plan. The township may reimburse for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Rev. Code 505.60(A). The reimbursement for the officer, employee, and their immediate dependent cannot exceed an amount equal to the average premium paid by the township under any health care plan it procures.

Michael Cuckler, Trustee opted to not participate in township's plan and instead be reimbursed for out-of-pocket premiums associated with procuring insurance elsewhere. His total out-of-pocket premiums were \$3,744 for 2012 and \$4,368 for 2013 for a total of \$8,112. He was reimbursed by the Township \$9,090 for 2012 and \$2,000 for 2013, for a total of \$11,090, which is an overpayment of \$2,978.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Michael Cuckler and his bonding company, Ohio Township Association Risk Management Authority in the amount of \$2,978 and in favor of the Scioto Township General fund.

Upon discovery of the facts, Mr. Cuckler made repayment to the Township via a personal check on October 16, 2014.

Board of Trustees
Scioto Township
1851 Bailey Chapel Road
Beaver, Ohio 45613
Page -2-

Ohio Rev. Code § 505.60 allows townships to reimburse a township officer or employee for out-of-pocket premiums for insurance policies. The reimbursement is permitted for a township officer or employee who elects not to participate in the township's plan. The township may reimburse for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Rev. Code 505.60(A). The reimbursement for the officer, employee, and their immediate dependent cannot exceed an amount equal to the average premium paid by the township under any health care plan it procures.

Allen Pettit was reimbursed for out-of-pocket deductibles. He was reimbursed by the Township \$4,000 for 2013. Payment for deductibles is not an allowable expense.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Allen Pettit in the amount of \$4,000 and in favor of the Scioto Township Gasoline Tax fund.

Upon discovery of the facts, Mr. Pettit made repayment to the Township beginning on June 20, 2014 through November 3, 2014.

Ohio Rev. Code § 505.60 allows townships to reimburse a township officer or employee for out-of-pocket premiums for insurance policies. The reimbursement is permitted for a township officer or employee who elects not to participate in the township's plan. The township may reimburse for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Rev. Code 505.60(A). The reimbursement for the officer, employee, and their immediate dependent cannot exceed an amount equal to the average premium paid by the township under any health care plan it procures.

Lewie Pritchett, Trustee opted to not participate in township's plan and instead be reimbursed for out-of-pocket premiums associated with procuring insurance elsewhere. His total out-of-pocket premiums were \$3,744 for 2012 and \$4,368 for 2013 for a total of \$8,112. He was reimbursed by the Township \$9,090 for 2012 and \$2,000 for 2013, for a total of \$11,090, which is an overpayment of \$2,978.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Lewie Pritchett and his bonding company, Ohio Township Association Risk Management Authority in the amount of \$2,978 and in favor of the Scioto Township General fund.

Board of Trustees
Scioto Township
1851 Bailey Chapel Road
Beaver, Ohio 45613
Page -3-

Upon discovery of the facts, Mr. Pritchett made repayment to the Township via a personal check on October 16, 2014.

Ohio Rev. Code § 505.60 allows townships to reimburse a township officer or employee for out-of-pocket premiums for insurance policies. The reimbursement is permitted for a township officer or employee who elects not to participate in the township's plan. The township may reimburse for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Rev. Code 505.60(A). The reimbursement for the officer, employee, and their immediate dependent cannot exceed an amount equal to the average premium paid by the township under any health care plan it procures.

Jaime Steffy, Fiscal Officer opted to not participate in township's plan and instead be reimbursed for out-of-pocket premiums associated with procuring insurance elsewhere. His total out-of-pocket premiums were \$4,709 for 2012 and \$4,744 for 2013 for a total of \$9,453. He was reimbursed by the Township \$9,090 for 2012 and \$2,000 for 2013, for a total of \$11,090, which is an overpayment of \$1,636.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Jaime Steffy and his bonding company, Traveler's Casualty and Surety Company of America in the amount of \$1,636 and in favor of the Scioto Township General fund.

Upon discovery of the facts, Mr. Steffy made repayment to the Township via a personal check on October 16, 2014.

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



Dave Yost
Auditor of State

January 7, 2015

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Scioto Township
Pike County, Ohio
Table of Contents
For the Fiscal Years Ended December 31, 2013 and 2012

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements For the Year Ended December 31, 2013:	
Statement of Net Position – Cash Basis	9
Statement of Activities – Cash Basis	10
Fund Financial Statements For the Year Ended December 31, 2013:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budgetary Basis – General Fund	13
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budgetary Basis – Gasoline Tax Fund	14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budgetary Basis – Road and Bridge Fund.....	15
Government-Wide Financial Statements For the Year Ended December 31, 2012:	
Statement of Net Position – Cash Basis	16
Statement of Activities – Cash Basis	17
Fund Financial Statements For the Year Ended December 31, 2012:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	18
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	19
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budgetary Basis – General Fund	20
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budgetary Basis – Gasoline Tax Fund	21
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budgetary Basis – Road and Bridge Fund.....	22
Notes to the Basic Financial Statements	23
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	36
Schedule of Findings	38
Schedule of Prior Audit Findings.....	42

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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Scioto Township
Pike County
1851 Bailey Chapel Road
Beaver, Ohio 45613

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, 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 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 Scioto Township, Pike County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax Fund and Road and Bridge Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during the year ended December 31, 2012, the Authority adopted provisions of Government Accounting Standards Board Statements (GASB) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2014 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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
May 28, 2014

Scioto Township, Pike County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

This discussion and analysis of Scioto Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2013 and 2012, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2013 and 2012 are as follows:

Net position of governmental funds increased \$11,564, or 5.16 percent in 2013. Net Position of governmental funds decreased \$35,807, or 13.68 percent in 2012.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 14.62 percent and 36.42 percent, respectively, of the total cash received for governmental activities during 2013 and 16.17 percent and 37.52 percent, respectively, of the total cash received for governmental activities during 2012. Property tax receipts for 2013 and 2012 changed little as development within the Township has slowed.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Scioto Township, Pike County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2013 and 2012, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the Township at year's end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position represent one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well, such as the condition of the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and gasoline taxes.

In the statement of net position and the statement of activities, the Township has only governmental type activities:

Governmental activities. All of the Township's basic services are reported here. State grants and property and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2013 and 2012, the Township's major governmental funds are the General Fund, Gasoline Tax Fund, and Road and Bridge Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Scioto Township, Pike County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2013 and 2012 compared to 2011 on a cash basis:

(Table 1)

	Governmental Activities		
	2013	2012	2011
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 237,502	\$ 225,938	\$ 261,745
<i>Total Assets</i>	<u>\$ 237,502</u>	<u>\$ 225,938</u>	<u>\$ 261,745</u>
Net Position			
Committed to:			
Road & Bridge	\$ 81,591	\$ 72,253	\$ 60,946
Restricted for:			
Gasoline Tax	92,275	84,547	69,963
Other Purposes	17,992	13,618	9,627
Unrestricted	45,644	55,520	121,209
<i>Total Net Position</i>	<u>\$ 237,502</u>	<u>\$ 225,938</u>	<u>\$ 261,745</u>

As mentioned previously, net position of governmental activities increased \$11,564, or 5.12 percent in 2013 and decreased \$35,807 or 13.68 percent in 2012. The primary reasons contributing to the increase in 2013 is due to the Township decreasing their spending on health insurance. The cost of health insurance to the Township amounted to \$50,000 in 2013 and \$79,000 in 2012. cash balances was the continued upgrading of all township and fire department equipment, an addition of an apron to the Township building, and a chip and seal project for the Township roads.

Table 2 reflects the changes in nets assets in 2013, 2012 and 2011. Listed below is a comparative analysis of government-wide data.

(Table 2)

Change in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Governmental Activities 2011
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$1,050	\$1,900	\$1,425
Operating Grants and Contributions	117,571	118,145	116,743
Total Program Receipts	<u>118,621</u>	<u>120,045</u>	<u>118,168</u>
General Receipts:			
Property and Other Local Taxes	42,963	42,068	33,599
Grants and Entitlements Not Restricted to Specific Programs	94,126	97,601	117,313
Interest	97	105	222
Miscellaneous	2,671	337	130
Total General Receipts	<u>139,857</u>	<u>140,111</u>	<u>151,264</u>
Total Receipts	<u>258,478</u>	<u>260,156</u>	<u>269,432</u>

Scioto Township, Pike County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

(Table 2)
Change in Net Position
(Continued)

	Governmental Activities 2013	Governmental Activities 2012	Governmental Activities 2011
Disbursements:			
General Government	101,929	155,567	142,084
Public Safety	36,347	38,939	29,349
Public Works	108,638	101,194	129,377
Health	-	263	1,739
Total Disbursements	<u>246,914</u>	<u>295,963</u>	<u>302,549</u>
 Increase (Decrease) in Net Position	 11,564	 (35,807)	 (33,117)
 Net Position, January 1	 <u>225,938</u>	 <u>261,745</u>	 <u>294,862</u>
Net Position, December 31	<u><u>\$237,502</u></u>	<u><u>\$225,938</u></u>	<u><u>\$261,745</u></u>

Program receipts represent only 45.89 percent of total receipts in 2013 and 46.14 percent of total receipts in 2012 and are primarily comprised of restricted intergovernmental receipts.

General receipts represent 54.11 percent of the Township's total receipts for 2013 and 53.86 percent of the Township's total receipts for 2012, and of this amount, 16.62 percent are property and other local taxes in 2013 and 16.17 percent are property and other local taxes in 2012. Grants and entitlements not restricted to specific programs, interest, and miscellaneous receipts make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources. Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 17, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and public works, which account for 85.28 and 86.75 percent of all government disbursements, for 2013 and 2012 respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Scioto Township, Pike County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2013 and 2012
 (Unaudited)

(Table 3)

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
General Government	\$ 101,929	\$ (101,929)	\$ 155,568	\$ (155,567)
Public Safety	36,347	(36,347)	38,939	(38,939)
Public Works	108,638	8,933	101,194	16,951
Health	-	1,050	263	1,637
Total Expenses	\$ 246,914	\$ (128,293)	\$ 295,964	\$ (175,918)

The Township's Funds

Total governmental funds had receipts of \$258,478 and disbursements of \$246,914 in 2013 and had receipts of \$260,156 and disbursements of \$295,963 in 2012. The greatest change within governmental funds occurred within the General Fund in 2013 and 2012. In 2013 the fund balance of the General fund decreased \$9,876 in 2013 primarily decrease in money received from other governments. The fund balance of the Gasoline fund increased by \$7,728 in 2013 primarily due to a decrease in expenditures associated with payroll. The fund balance of the Road & Bridge fund increased by \$9,338 in 2013 primarily due to a decrease in expenditures associated with payroll.

The fund balance of the General fund decreased by \$65,689 in 2012 primarily as the result of increased expenditures associated with the health and dental insurance. The fund balance of the Gasoline fund increased \$45,584 in 2012 primarily due to a decrease in cash disbursements associated with road projects and payroll. The fund balance of the Road & Bridge fund increased by \$11,307 in 2012 primarily due to a decrease in payroll expenditures.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2013 and 2012, the Township did not amend its General Fund budget.

In 2013, final disbursements were budgeted at \$253,000 while actual disbursements were \$138,000. Although receipts exceeded expectations, appropriations were not increased.

In 2012, final disbursements were budgeted at \$287,000 while actual disbursements were \$195,000. Although receipts were below expectations, appropriations were not decreased.

Scioto Township, Pike County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

Current Financial Related Activities

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. As we have stated previously all upgrading of township and fire department equipment is complete, and paid for, all buildings are built and paid for so we feel we are in good shape financially. Most all of the township roads were sealed, patched, paved and right of ways cleaned which was a burden in 2011 and 2012 but, it is complete now and we should be able to see an increase in our balance after we reform our health insurance. With that said we had a balance increase of \$12,000 in 2013 and with the complete reform of the rest of our insurances (dental done away with) , we expect a larger balance increase in 2014.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jaime Steffy, Fiscal Officer, Scioto Township, 1851 Bailey Chapel Rd., Beaver, Ohio 45613.

Scioto Township, Pike County
Statement of Net Position - Cash Basis
As of December 31, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 237,502
<i>Total Assets</i>	<u>\$ 237,502</u>
Net Position	
Committed to:	
Road & Bridge	\$ 81,591
Restricted for:	
Gasoline Tax	92,275
Other Purposes	17,992
Unrestricted	<u>45,644</u>
<i>Total Net Position</i>	<u>\$ 237,502</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	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				
General Government	\$ 101,929	\$ -	\$ -	\$ (101,929)
Public Safety	36,347	-	-	(36,347)
Public Works	108,638	-	117,571	8,933
Health	-	1,050	-	1,050
<i>Total Governmental Activities</i>	\$ 246,914	\$ 1,050	\$ 117,571	(128,293)
General Receipts				
Property Taxes				42,963
Grants and Entitlements not Restricted to Specific Programs				94,126
Interest				97
Miscellaneous				2,671
<i>Total General Receipts</i>				139,857
Change in Net Position				11,564
<i>Net Position - Beginning of Year</i>				225,938
<i>Net Position - End of Year</i>				\$ 237,502

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2013

	General Fund	Gasoline Tax Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 45,644	\$ 92,275	\$ 81,591	\$ 17,992	\$ 237,502
<i>Total Assets</i>	<u>\$ 45,644</u>	<u>\$ 92,275</u>	<u>\$ 81,591</u>	<u>\$ 17,992</u>	<u>\$ 237,502</u>
Fund Balances					
Committed	\$ -	\$ -	\$ 81,591	\$ -	\$ 81,591
Restricted	-	92,275	-	17,992	110,267
Unassigned	45,644	-	-	-	45,644
<i>Total Fund Balances</i>	<u>\$ 45,644</u>	<u>\$ 92,275</u>	<u>\$ 81,591</u>	<u>\$ 17,992</u>	<u>\$ 237,502</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General Fund	Gasoline Tax Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 31,506	\$ -	\$ 11,457	\$ -	\$ 42,963
Charges for Services	-	-	-	1,050	1,050
Intergovernmental	94,126	85,434	28,813	3,324	211,697
Interest	97	-	-	-	97
Miscellaneous	2,671	-	-	-	2,671
<i>Total Receipts</i>	<u>128,400</u>	<u>85,434</u>	<u>40,270</u>	<u>4,374</u>	<u>258,478</u>
Disbursements					
Current:					
General Government	101,929	-	-	-	101,929
Public Safety	36,347	-	-	-	36,347
Public Works	-	77,706	30,932	-	108,638
<i>Total Disbursements</i>	<u>138,276</u>	<u>77,706</u>	<u>30,932</u>	<u>-</u>	<u>246,914</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	(9,876)	7,728	9,338	4,374	11,564
<i>Fund Balances - Beginning of Year</i>	<u>55,520</u>	<u>84,547</u>	<u>72,253</u>	<u>13,618</u>	<u>225,938</u>
<i>Fund Balances - End of Year</i>	<u>\$ 45,644</u>	<u>\$ 92,275</u>	<u>\$ 81,591</u>	<u>\$ 17,992</u>	<u>\$ 237,502</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budgetary Basis
General Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$ 31,991	\$ 31,991	\$ 31,506	\$ (485)
	-			
Intergovernmental	95,575	95,575	94,126	(1,449)
Interest	98	98	97	(1)
Other	2,712	2,712	2,671	(41)
<i>Total Receipts</i>	<u>130,376</u>	<u>130,376</u>	<u>128,400</u>	<u>(1,976)</u>
Disbursements				
Current:				
General Government	186,300	186,300	101,929	84,371
Public Safety	66,433	66,433	36,347	30,086
Public Works	-	-	-	-
<i>Total Disbursements</i>	<u>252,733</u>	<u>252,733</u>	<u>138,276</u>	<u>114,457</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(122,357)</u>	<u>(122,357)</u>	<u>(9,876)</u>	<u>112,481</u>
<i>Net Change in Fund Balance</i>	(122,357)	(122,357)	(9,876)	112,481
<i>Fund Balance Beginning of Year</i>	<u>55,520</u>	<u>55,520</u>	<u>55,520</u>	-
<i>Fund Balance End of Year</i>	<u><u>\$ (66,837)</u></u>	<u><u>\$ (66,837)</u></u>	<u><u>\$ 45,644</u></u>	<u><u>\$ 112,481</u></u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budgetary Basis
Gasoline Tax Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 85,434	\$ 434
Interest	-	-	-	-
<i>Total Receipts</i>	85,000	85,000	85,434	434
Disbursements				
Current:				
Public Works	155,000	155,000	77,706	77,294
<i>Total Disbursements</i>	137,125	155,000	77,706	77,294
<i>Net Change in Fund Balance</i>	(52,125)	(70,000)	7,728	77,728
<i>Fund Balance Beginning of Year</i>	84,547	84,547	84,547	-
<i>Fund Balance End of Year</i>	\$ 32,422	\$ 14,547	\$ 92,275	\$ 77,728

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budgetary Basis
Road and Bridge Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$ 12,331	\$ 12,331	\$ 11,457	\$ (874)
Intergovernmental	31,012	31,012	28,813	(2,199)
<i>Total Receipts</i>	<u>43,343</u>	<u>43,343</u>	<u>40,270</u>	<u>(3,073)</u>
Disbursements				
Current:				
Public Works	<u>79,142</u>	<u>79,142</u>	<u>30,932</u>	<u>48,210</u>
<i>Total Disbursements</i>	<u>79,142</u>	<u>79,142</u>	<u>30,932</u>	<u>48,210</u>
<i>Net Change in Fund Balance</i>	<u>(35,799)</u>	<u>(35,799)</u>	<u>9,338</u>	<u>45,137</u>
<i>Fund Balance Beginning of Year</i>	<u>72,253</u>	<u>72,253</u>	<u>72,253</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 36,454</u></u>	<u><u>\$ 36,454</u></u>	<u><u>\$ 81,591</u></u>	<u><u>\$ 45,137</u></u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Net Position - Cash Basis
As of December 31, 2012

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 225,938
<i>Total Assets</i>	<u>\$ 225,938</u>
Net Position	
Committed to:	
Road & Bridge	\$ 72,253
Restricted for:	
Gasoline Tax	84,547
Other Purposes	13,618
Unrestricted	<u>55,520</u>
<i>Total Net Position</i>	<u>\$ 225,938</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2012

	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				
General Government	\$ 155,567	\$ -	\$ -	\$ (155,567)
Public Safety	38,939	-	-	(38,939)
Public Works	101,194	-	118,145	16,951
Health	263	1,900	-	1,637
<i>Total Governmental Activities</i>	\$ 295,963	\$ 1,900	\$ 118,145	(175,918)
General Receipts				
Property Taxes				42,068
Grants and Entitlements not Restricted to Specific Programs				97,601
Interest				105
Miscellaneous				337
<i>Total General Receipts</i>				140,111
Change in Net Position				(35,807)
<i>Net Position - Beginning of Year</i>				261,745
<i>Net Position - End of Year</i>				\$ 225,938

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2012

	General Fund	Gasoline Tax Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 55,520	\$ 84,547	\$ 72,253	\$ 13,618	\$ 225,938
<i>Total Assets</i>	<u>\$ 55,520</u>	<u>\$ 84,547</u>	<u>\$ 72,253</u>	<u>\$ 13,618</u>	<u>\$ 225,938</u>
Fund Balances					
Committed	\$ -	\$ -	\$ 72,253	\$ -	\$ 72,253
Restricted	-	84,547	-	13,618	98,165
Unassigned	55,520	-	-	-	55,520
<i>Total Fund Balances</i>	<u>\$ 55,520</u>	<u>\$ 84,547</u>	<u>\$ 72,253</u>	<u>\$ 13,618</u>	<u>\$ 225,938</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2012

	General Fund	Gasoline Tax Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	\$ 30,850	\$ -	\$ 11,218	\$ -	\$ 42,068
Charges for Services	-	-	-	1,900	1,900
Intergovernmental	97,601	85,085	29,699	3,361	215,746
Interest	94	-	-	11	105
Miscellaneous	272	-	65	-	337
<i>Total Receipts</i>	<u>128,817</u>	<u>85,085</u>	<u>40,982</u>	<u>5,272</u>	<u>260,156</u>
Disbursements					
Current:					
General Government	155,567	-	-	-	155,567
Public Safety	38,939	-	-	-	38,939
Public Works	-	70,501	29,675	1,018	101,194
Health	-	-	-	263	263
<i>Total Disbursements</i>	<u>194,506</u>	<u>70,501</u>	<u>29,675</u>	<u>1,281</u>	<u>295,963</u>
<i>Net Change in Fund Balances</i>	(65,689)	14,584	11,307	3,991	(35,807)
<i>Fund Balances - Beginning of Year</i>	<u>121,209</u>	<u>69,963</u>	<u>60,946</u>	<u>9,627</u>	<u>261,745</u>
<i>Fund Balances - End of Year</i>	<u>\$ 55,520</u>	<u>\$ 84,547</u>	<u>\$ 72,253</u>	<u>\$ 13,618</u>	<u>\$ 225,938</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budgetary Basis
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$ 23,504	\$ 23,504	\$ 30,850	\$ 7,346
Payment in Lieu of Taxes	22,701	22,701	-	(22,701)
Intergovernmental	77,187	77,187	97,601	20,414
Interest	18,161	18,161	94	(18,067)
Other	5,697	5,697	272	(5,425)
<i>Total Receipts</i>	<u>147,247</u>	<u>147,251</u>	<u>128,817</u>	<u>(18,434)</u>
Disbursements				
Current:				
General Government	230,138	230,138	155,567	74,571
Public Safety	57,605	57,605	38,939	18,666
Public Works	-	-	-	-
<i>Total Disbursements</i>	<u>287,743</u>	<u>287,743</u>	<u>194,506</u>	<u>93,237</u>
<i>Net Change in Fund Balance</i>	<u>(140,496)</u>	<u>(140,492)</u>	<u>(65,689)</u>	<u>74,803</u>
<i>Fund Balance Beginning of Year</i>	<u>121,209</u>	<u>121,209</u>	<u>121,209</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (19,287)</u>	<u>\$ (19,283)</u>	<u>\$ 55,520</u>	<u>\$ 74,803</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budgetary Basis
Gasoline Tax Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 89,988	\$ 89,988	\$ 85,085	\$ (4,903)
Interest	<u>212</u>	<u>212</u>	<u>0</u>	<u>(212)</u>
<i>Total Receipts</i>	<u>90,200</u>	<u>90,200</u>	<u>85,085</u>	<u>(5,115)</u>
Disbursements				
Current:				
Public Works	<u>130,000</u>	<u>130,000</u>	<u>70,501</u>	<u>59,499</u>
<i>Total Disbursements</i>	<u>141,852</u>	<u>130,000</u>	<u>70,501</u>	<u>59,499</u>
<i>Net Change in Fund Balance</i>	(51,652)	(39,800)	14,584	54,384
<i>Fund Balance Beginning of Year, as restated, see note 3</i>	<u>69,963</u>	<u>69,963</u>	<u>69,963</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 18,311</u>	<u>\$ 30,163</u>	<u>\$ 84,547</u>	<u>\$ 54,384</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budgetary Basis
Road and Bridge Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$ 9,294	\$ 9,294	\$ 11,218	\$ 1,924
Intergovernmental	28,399	28,399	29,699	1,300
Other	-	-	65	65
<i>Total Receipts</i>	<u>37,693</u>	<u>37,693</u>	<u>40,982</u>	<u>3,289</u>
Disbursements				
Current:				
Public Works	<u>105,000</u>	<u>105,000</u>	<u>29,675</u>	<u>75,325</u>
<i>Total Disbursements</i>	<u>82,405</u>	<u>105,000</u>	<u>29,675</u>	<u>75,325</u>
<i>Net Change in Fund Balance</i>	(44,712)	(67,307)	11,307	78,614
<i>Fund Balance Beginning of Year</i>	<u>60,946</u>	<u>60,946</u>	<u>60,946</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 16,234</u>	<u>\$ (6,361)</u>	<u>\$ 72,253</u>	<u>\$ 78,614</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 1 – Reporting Entity

Scioto Township, Pike County, Ohio (the Township), is a body politic and corporate established in 1880 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 Fiscal Officer.

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

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, fire protection and cemetery maintenance.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. The Township has no component units.

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. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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. Since the Township does not have any business-type receipts or activities all statements are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net position presents the cash balance 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 is 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 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.

B. 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental funds.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund – This 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.

Gasoline Tax Fund – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

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

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.

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue 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.

D. Budgetary Process

All funds, except agency 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 fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the 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.

E. Cash and Investments

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".

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2013 and 2012 were \$97 and \$94, respectively. Interest receipts credited to the Other Governmental Funds during 2012 were \$11.

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 2 – Summary of Significant Accounting Policies (continued)

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. 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.

H. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. 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.

J. 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. Net position restricted for other purposes include resources restricted for grants whose purpose is restricted. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

K. 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.

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.

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 2 – Summary of Significant Accounting Policies (continued)

K. Fund Balance (continued)

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. 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.

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 – Compliance

The Township did not pay salaries for the Trustees and Fiscal Officer in accordance with Ohio Revised Code Section 505.24(C). The Township's financial statements and accounting system have been adjusted to correct these errors.

The Township also did not reimburse healthcare premium in accordance with Ohio Revised Code Section 505.60. The amount in question that was overpaid for the out-of-pocket reimbursements for the Trustees, the Fiscal Officer and the Road Worker for 2012 and 2013 totaled \$11,593.

Contrary to Ohio Revised Code Section 5705.36(A)(4) the Township had appropriations in excess of actual resources in the General Fund in the amount of \$25,502 at December 31, 2013.

Contrary to Ohio Revised Code Section 5705.39 the Township had appropriations in excess of estimated resources in the General Fund in the amount of \$6,104 at December 31, 2013.

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 fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no differences between the budgetary basis and the cash basis since there were no outstanding encumbrances at December 31, 2013 or December 31, 2012.

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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.

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio).

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 5 – Deposits and Investments (continued)

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

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 December 31, 2013, none of the Township’s bank balance of \$240,727 was exposed to custodial credit risk because this balance was insured by the Federal Deposit Insurance Corporation. At December 31, 2012, none of the Township’s bank balance of \$231,343 was exposed to custodial credit risk this balance was also insured by the Federal Deposit Insurance Corporation.

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.

Note 6 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2012.

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. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2013 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2013 and 2012, was \$1.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 and 2012 property tax receipts were based are as follows:

	2013	2012
Real Property	\$ 10,994,330	\$ 11,222,180
Public Utility Property	16,438,660	16,254,160
Total Assessed Values	\$ 27,432,990	\$ 27,476,340

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, 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, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	<u>(9,355,082)</u>	<u>(9,718,792)</u>
Net Position	<u>\$25,416,188</u>	<u>\$25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township’s share of these unpaid claims collectible in future years is approximately \$4,000.

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>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$7,454	\$7,462

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 7 – Risk Management (Continued)

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 8 – Defined Retirement Plans

Ohio Public Employees Retirement System

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
 - 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 - 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

The 2013, 2012, and 2011 member contribution rates were 10.0%, 10.0%, and 10.0%, respectively, for members in state and local classifications.

The 2013, 2012, and 2011 employer contribution rates for members in state and local classifications were 14.0%, 14.0%, and 14.0%, respectively, of covered payroll.

The Township's contributions to OPERS for the years ended December 31, 2013, 2012, and 2011 were \$9,485, \$11,570, and \$11,005. The full amount has been contributed for 2013, 2012, and 2010.

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the TP and the CO Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 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 No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

- B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contributions are expressed as a percentage of the covered payroll of active members. In 2013, 2012, and 2011, local government employer units contributed at 14.0%, 14.0%, and 14.0%, respectively, of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2012 and 2011, the employer contributions allocated to the health care for members in the Traditional was 4.0%. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar years 2012 and 2011. For 2010, the portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. 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.

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 9 – Postemployment Benefits (Continued)

Ohio Public Employees Retirement System

The Township’s contributions used to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$9,485, \$11,70, and \$4,874, respectively, which were equal to the required contributions for those years.

- C. 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 SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Note 10 - 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 the fund balance for the fund types are presented below for December 31, 2013 and 2012:

Fund Balances	General	Gasoline Tax	Road & Bridge	Other Governmental Funds	Total Governmental Funds
December 31, 2012					
Restricted for					
Cemetery	\$0	\$0	\$0	\$6,480	\$6,480
Road and Bridge Maintenance	0	84,547	0	7,138	91,685
Total Restricted	0	84,547	0	13,618	98,165
Committed to					
Road and Bridge Maintenance	0	0	72,253	0	72,253
Unassigned (Deficit)	55,520	0	0	0	55,520
Total Fund Balances	\$55,520	\$84,547	\$72,253	\$13,618	\$225,938
December 31, 2013					
Restricted for					
Cemetery	\$0	\$0	\$0	\$7,530	\$7,530
Road and Bridge Maintenance	0	92,275	0	10,462	102,737
Total Restricted	0	92,275	0	17,992	110,267
Committed to					
Road and Bridge Maintenance	0	0	81,591	0	81,591
Unassigned (Deficit)	45,644	0	0	0	45,644
Total Fund Balances	\$45,644	\$92,275	\$81,591	\$17,992	\$237,502

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 11 - Changes in Accounting Principles

For 2013, the Company implemented Governmental Accounting Standards Board (GASB) Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”, GASB Statement No. 66, “Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62,” GASB Statement No. 69, “Government Combinations and Disposals of Government Operations,” and GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. The changes were incorporated in the Company’s fiscal year 2013 financial statements; however, there was no effect on the beginning net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, and transfers of operations.

Scioto Township, Pike County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 11 - Changes in Accounting Principles (Continued)

Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive non exchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

The implementation of GASB Statements No. 62, 65, 66, 69, and 70 had no effect on the financial statements. The implementation of GASB Statement No. 63 resulted in certain financial statement terminology and classification changes.



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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

Scioto Township
Pike County
1851 Bailey Chapel Road
Beaver, Ohio 45613

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 28, 2014 wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted that the Township adopted the provisions of Governmental Accounting Standards Board statement No. 63.

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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the 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. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-006 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-002, 2013-003, 2013-004, and 2013-005

Purpose of this Report

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
May 28, 2014

Scioto Township, Pike County
Schedule of Findings
For the Years Ended December 31, 2013 and 2012

FINDING NUMBER 2013-001

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Township's internal controls over financial reporting. Misstatements were identified in the following areas:

- Property Tax revenues,
- Intergovernmental revenues,
- Charges for Services revenues,
- Miscellaneous revenues
- Non-payroll expenditures
- Payroll expenditures
- GASB 54 misclassifications

All of the above noted adjustments have been posted to the financial statements and to the Township's UAN accounting system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Client Response:

The Township chose not to respond to the finding

FINDING NUMBER 2013-002

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section §505.24(C) sets forth the method by which township trustees' compensation should be allocated. This section previously requires that compensation of township trustee must be paid from the Township General Fund or from such other restricted township funds, in such proportions based on the amount of time spent on matters related to the services rendered. Prior to the enactment of HB 153, trustees were required to document time spent in the general fund and various restricted funds. There was no one method for documenting time and the kinds of services rendered, rather, the documentation could have been timesheets or a similar method of record keeping, as long as the trustees documented all time spent on township business and the type of service(s) performed, in a manner similar to trustees paid per diem compensation. If trustees did not document their time, then no part of salaries could have been paid from these other funds.

Effective September 29, 2011, HB 153 amended Ohio Rev. Code Sections 505.24 and 507.09 to now require certification of the amount of time spent in the general fund and in various restricted funds by the township trustees and fiscal officer. This certification is now the required method of documentation of time spent in these funds. The Auditor of State issued Bulletin 2011-007 on October 27, 2011 explaining these legislative changes and the impact of these changes on townships.

Scioto Township, Pike County
Schedule of Findings
For the Years Ended December 31, 2013 and 2012

FINDING NUMBER 2013-002 (Continued)

Noncompliance Citation and Material Weakness

During 2012 and 2013, the Trustees' salaries were paid from the general, gasoline tax and road and bridge funds. The Township has never passed a resolution stating that the Trustees could be paid from funds other than the General Fund. Furthermore, Trustees were being paid 100 percent from restricted funds for several months of 2013 and 2012. However, Township officials are required to attend board meetings in order to conduct the regular business of the Township. Attendance at board meetings and other activities supporting the general business of the Township must be allocated to the general fund; therefore, the allocation of 100 percent of an official's compensation to funds other than the general fund is not permitted under Ohio law. The Township's financial statements and accounting system have been adjusted to correct these errors.

The noncompliance also occurred during the audit of the Township for the audit period 2010-2011 and the Township was directly informed of this requirement. During the current audit period, the Township continued to record Trustee salary payments to the restricted funds (gasoline tax and road and bridge) without administrative procedures established to account for Trustees' time spent on township business and the types of services performed from these restricted funds during 2012 and 2013.

If the Township chooses to pay officials outside of the General Fund, the Township should pass a resolution each year stating that they are going to pay the Trustees and/or Fiscal Officer from funds outside of the General Fund. The resolution should state if the Township will follow either the per diem method or the annual salary method. Time sheets should be kept that show daily activity unless using the annual salary method. Guidance should be obtained from Auditor of State Technical Bulletin 2011-007.

Client Response:

The Township chose not to respond to the finding.

FINDING NUMBER 2013-003

Noncompliance Citation

Ohio Revised Code §505.60 permits townships to procure their own healthcare coverage, while Ohio Revised Code §505.601 permits townships to opt not to procure their own plans, but still reimburse officers' and employees' for their healthcare premiums. The reimbursement is permitted for a township officer or employee who is denied coverage under a township health care plan established pursuant to Ohio Revised Code §505.60, or who elects not to participate in the township's plan. The township may reimburse for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Rev. Code §505.60(A). The reimbursement for the officer, employee, and their immediate dependent cannot exceed an amount equal to the average premium paid by the township under any health care plan it procures.

The Township provided their own healthcare coverage during 2012 and 2013 for one Trustee and a Township employee. The Board of Township Trustees passed a resolution in both 2012 and 2013 that allowed Township officials and other Township employees to opt out of the Township-provided health insurance and instead be reimbursed for their healthcare. Another resolution was passed in 2013 that allowed a Township Road Worker to be reimbursed for a health reimbursement account.

Contrary to Ohio Revised Code §505.601, the reimbursements for healthcare premiums were not limited to out-of-pocket premiums that were incurred for two of the Trustees and the Fiscal Officer in both 2012 and 2013. Also, the reimbursement made in 2013 for the Road Worker for a health reimbursement account was not supported by any out-of-pocket amounts. The amounts paid by the Township to the Trustees and Fiscal Officer were based on an estimate provided by an administrator for a family health care plan that was available to the Township officers and employees, but was not for actual out-of-pocket premiums incurred. The amount in question that was overpaid for the out-of-pocket reimbursements for the Trustees, the Fiscal Officer and the Road Worker for 2012 and 2013 totaled \$11,593.

Scioto Township, Pike County
Schedule of Findings
For the Years Ended December 31, 2013 and 2012

FINDING NUMBER 2013-003 (Continued)

We recommend that the Township implement a resolution each year stating that the Township officials and employees will be reimbursed only for out-of-pocket premiums incurred for healthcare coverage that is available through the Township. The resolution should also state a maximum monthly amount that will be reimbursed. Guidance should be obtained from Auditor of State Technical Bulletin 2009-003.

Client Response:

The Township chose not to respond to the finding.

FINDING NUMBER 2013-004

Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

Upon comparison of appropriations to available resources (defined as unencumbered beginning balance plus actual receipts), 2013 appropriations were in excess of available resources in the General Fund by \$25,502.

The Township should implement monitoring procedures to ensure compliance with 5705.36(A)(4). Establishment of procedures for monitoring the compliance with this requirement helps to ensure that monies are not expended in excess of allowable limits.

Client Response:

The Township chose not to respond to the finding.

FINDING NUMBER 2013-005

Noncompliance Citation

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources

Upon comparison of appropriations to estimated resources (defined as unencumbered beginning balance plus estimated receipts), 2013 appropriations were in excess of estimated resources in the General Fund by \$6,104.

The Township should implement monitoring procedures to ensure compliance with 5705.39. Establishment of procedures for monitoring the compliance with this requirement helps to ensure that monies are not expended in excess of allowable limits.

Client Response:

The Township chose not to respond to the finding.

Scioto Township, Pike County
Schedule of Findings
For the Years Ended December 31, 2013 and 2012

FINDING NUMBER 2013-006

Significant Deficiency

There is insufficient segregation of duties in the offices of the Township. Specifically, we noted that the same employees prepare checks, reconcile bank accounts, prepare and make deposits, and open the mail for the Township.

Proper internal control procedures require that various duties be segregated among different employees. The duties of collecting, recording, disposing, reconciling, and disbursing of monies should be separated. Segregation of duties helps prevent and detect errors made and helps to correct errors in a timely fashion. Without proper segregation of duties, the possibility of discrepancies occurring without being detected, or improper use of funds, is greatly increased.

Since there are a limited number of employees, there appears to be a limitation on what steps could be taken to properly segregate duties. The Trustees should take special care to review financial documents for possible discrepancies.

Client Response:

The Township chose not to respond to the finding.

Scioto Township, Pike County
 Schedule of Prior Audit Findings
 For the Years Ended December 31, 2013 and 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-001	Material Weakness – sound financial reporting.	No	Reissued as 2013-001
2011-002	Ohio Rev. Code 5705.36(A)(4) – appropriations exceeded actual resources for fiscal year 2010	No	Reissued as 2013-004



Dave Yost • Auditor of State

SCIOTO TOWNSHIP

PIKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2015**