

SCIOTO TOWNSHIP  
ROSS COUNTY, OHIO

Audited Financial Statements

For the Year Ended December 31, 2005





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Scioto Township  
106 Applewood Dr  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of Scioto Township, Ross County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 5, 2007

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Independent Auditor's Report

Scioto Township
Ross County
164 South Watt Street
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scioto Township, Ross County, Ohio (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash basis of accounting. This is a comprehensive basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Scioto Township, Ross County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position, and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Cemetery, and Fire District Funds for the year then ended on the basis of accounting described in Note 2.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Government Accounting Standard No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

The aforementioned revision in generally accepted principles also requires Scioto Township to include Management's Discussion and Analysis for the year ended December 31, 2005. Scioto Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

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Scioto Township  
Ross County, Ohio  
Independent Auditor's Report  
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In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Van Krevel & Company".

Van Krevel & Company  
Dublin, Ohio

September 24, 2007



Scioto Township  
Ross County, Ohio

Statement of Net Assets - Modified Cash Basis  
December 31, 2005

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 783,059
<i>Total Assets</i>	<u><u>\$ 783,059</u></u>
<b>Net Assets</b>	
Restricted for:	
Permanent Fund:	
Expendable	\$ 945
Nonexpendable	28,036
Other Purposes	635,231
Unrestricted	118,847
<i>Total Net Assets</i>	<u><u>\$ 783,059</u></u>

Scioto Township  
Ross County, Ohio

Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 233,891	\$ -	\$ -	\$ (233,891)
Public Safety	109,942	-	-	(109,942)
Public Works	192,415	-	141,692	(50,723)
Health	266,983	62,665	-	(204,318)
Conservation-Recreation	1,182	-	-	(1,182)
Capital Outlay	86,792	-	-	(86,792)
Debt Service:				
Principal	35,132	-	-	(35,132)
Interest	5,569	-	-	(5,569)
	<u>\$ 931,906</u>	<u>\$ 62,665</u>	<u>\$ 141,692</u>	<u>(727,549)</u>
<i>Total Governmental Activities</i>				
<b>General Receipts</b>				
Property Taxes				533,396
Grants and Entitlements not Restricted to Specific Programs				123,000
Sale of Fixed Assets				8,235
Earnings on Investments				13,466
Miscellaneous				167,867
<i>Total General Receipts</i>				845,964
Change in Net Assets				118,415
<i>Net Assets Beginning of Year</i>				664,644
<i>Net Assets End of Year</i>				\$ 783,059

Scioto Township  
Ross County, Ohio

Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005

	General	Gasoline Tax	Road and Bridge	Cemetery	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 118,847	\$ 117,879	\$ 94,027	\$ 162,891	\$ 218,488	\$ 70,927	\$ 783,059
Investments	-	-	-	-	-	-	-
<i>Total Assets</i>	<u>118,847</u>	<u>117,879</u>	<u>94,027</u>	<u>162,891</u>	<u>218,488</u>	<u>70,927</u>	<u>783,059</u>
<b>Fund Balances</b>							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	118,847	-	-	-	-	-	118,847
Special Revenue Funds	-	117,879	94,027	162,891	218,488	41,946	635,231
Debt Service Fund	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-
Permanent Fund	-	-	-	-	-	28,981	28,981
<i>Total Fund Balances</i>	<u>\$ 118,847</u>	<u>\$ 117,879</u>	<u>\$ 94,027</u>	<u>\$ 162,891</u>	<u>\$ 218,488</u>	<u>\$ 70,927</u>	<u>\$ 783,059</u>

Scioto Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005

	General	Gasoline Tax	Road and Bridge	Cemetery	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$ 97,964	\$ -	\$128,973	\$141,690	\$124,068	\$ 40,701	\$ 533,396
Licenses, Permits and Fees	-	-	-	62,665	-	-	62,665
Intergovernmental	123,000	78,399	24,766	10,070	14,908	13,549	264,692
Earnings on Investments	10,763	2,202	-	-	-	501	13,466
Miscellaneous	42,479	23	9,120	66,975	35,368	13,902	167,867
<b>Total Receipts</b>	<b>274,206</b>	<b>80,624</b>	<b>162,859</b>	<b>281,400</b>	<b>174,344</b>	<b>68,653</b>	<b>1,042,086</b>
<b>Disbursements</b>							
Current:							
General Government	206,328	-	2,000	3,000	16,907	5,656	233,891
Public Safety	-	-	-	-	109,942	-	109,942
Public Works	-	43,614	145,591	-	-	3,210	192,415
Health	-	-	-	266,983	-	-	266,983
Conservation-Recreation	1,182	-	-	-	-	-	1,182
Capital Outlay	1,336	23,170	23,812	7,409	31,065	-	86,792
Debt Service:							
Principal Retirement	-	-	-	-	-	35,132	35,132
Interest and Fiscal Charges	-	-	-	-	-	5,569	5,569
<b>Total Disbursements</b>	<b>208,846</b>	<b>66,784</b>	<b>171,403</b>	<b>277,392</b>	<b>157,914</b>	<b>49,567</b>	<b>931,906</b>
Excess of Receipts Over (Under) Disbursements	65,360	13,840	(8,544)	4,008	16,430	19,086	110,180
Other Financing Sources (Uses)							
Sale of Fixed Assets	-	-	8,235	-	-	-	8,235
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>8,235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,235</b>
Net Change in Fund Balances	65,360	13,840	(309)	4,008	16,430	19,086	118,415
Fund Balances Beginning of Year	53,487	104,039	94,336	158,883	202,058	51,841	664,644
Fund Balances End of Year	<u>\$118,847</u>	<u>\$117,879</u>	<u>\$ 94,027</u>	<u>\$162,891</u>	<u>\$218,488</u>	<u>\$ 70,927</u>	<u>\$ 783,059</u>

Scioto Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances  
Budget and Actual - Budgetary Basis  
General Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 98,000	\$ 98,000	\$ 97,964	\$ (36)
Intergovernmental	63,150	63,150	123,000	59,850
Earnings on Investments	3,100	3,100	10,763	7,663
Miscellaneous	28,426	28,426	42,479	14,053
<i>Total receipts</i>	<u>192,676</u>	<u>192,676</u>	<u>274,206</u>	<u>81,530</u>
<b>Disbursements</b>				
Current:				
General Government	235,702	235,702	206,328	29,374
Public Works	1	1	-	1
Health	500	500	-	500
Conservation-Recreation	3,000	3,000	1,182	1,818
Capital Outlay	4,150	4,150	1,336	2,814
<i>Total Disbursements</i>	<u>243,353</u>	<u>243,353</u>	<u>208,846</u>	<u>34,507</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(50,677)</u>	<u>(50,677)</u>	<u>65,360</u>	<u>116,037</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>	<u>2,500</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>	<u>2,500</u>
<i>Net Change in Fund Balance</i>	(53,177)	(53,177)	65,360	118,537
<i>Fund Balance Beginning of Year</i>	53,487	53,487	53,487	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 310</u>	<u>\$ 310</u>	<u>\$ 118,847</u>	<u>\$ 118,537</u>

Scioto Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances  
Budget and Actual - Budgetary Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 78,399	\$ 28,399
Special Assessments	-	-	-	-
Earnings on Investments	400	400	2,202	1,802
Miscellaneous	100	100	23	(77)
<i>Total receipts</i>	<u>50,500</u>	<u>50,500</u>	<u>80,624</u>	<u>30,124</u>
<b>Disbursements</b>				
Current:				
Public Works	98,000	98,000	43,614	54,386
Capital Outlay	56,480	56,480	23,170	33,310
<i>Total Disbursements</i>	<u>154,480</u>	<u>154,480</u>	<u>66,784</u>	<u>87,696</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(103,980)</u>	<u>(103,980)</u>	<u>13,840</u>	<u>117,820</u>
<i>Net Change in Fund Balance</i>	(103,980)	(103,980)	13,840	117,820
<i>Fund Balance Beginning of Year</i>	104,039	104,039	104,039	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ 59</u>	<u>\$ 59</u>	<u>\$ 117,879</u>	<u>\$ 117,820</u>

Scioto Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances  
Budget and Actual - Budgetary Basis  
Road and Bridge Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 122,000	\$ 122,000	\$ 128,973	\$ 6,973
Intergovernmental	10,341	10,341	24,766	14,425
Miscellaneous	150	150	9,120	8,970
<i>Total receipts</i>	<u>132,491</u>	<u>132,491</u>	<u>162,859</u>	<u>30,368</u>
<b>Disbursements</b>				
Current:				
General Government	2,000	2,000	2,000	-
Public Works	210,529	210,529	145,591	64,938
Capital Outlay	14,298	14,298	23,812	(9,514)
<i>Total Disbursements</i>	<u>226,828</u>	<u>226,828</u>	<u>171,403</u>	<u>55,424</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(94,336)</u>	<u>(94,336)</u>	<u>(8,544)</u>	<u>85,792</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	-	-	8,235	8,235
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>8,235</u>	<u>8,235</u>
<i>Net Change in Fund Balance</i>	(94,336)	(94,336)	(309)	94,027
<i>Fund Balance Beginning of Year</i>	94,336	94,336	94,336	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,027</u>	<u>\$ 94,027</u>

Scioto Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances  
Budget and Actual - Budgetary Basis  
Cemetery Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 143,000	\$ 143,000	\$ 141,690	\$ (1,310)
Licenses, Permits and Fees	70,000	70,000	62,665	(7,335)
Fines and Forfeitures	100	100	-	(100)
Intergovernmental	9,100	9,100	10,070	970
Miscellaneous	58,078	58,078	66,975	8,897
<i>Total receipts</i>	<u>280,278</u>	<u>280,278</u>	<u>281,400</u>	<u>1,122</u>
<b>Disbursements</b>				
Current:				
General Government	3,000	3,000	3,000	-
Health	357,501	357,501	266,983	90,518
Capital Outlay	78,660	78,660	7,409	71,251
<i>Total Disbursements</i>	<u>439,161</u>	<u>439,161</u>	<u>277,392</u>	<u>161,769</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(158,883)</u>	<u>(158,883)</u>	<u>4,008</u>	<u>162,891</u>
<i>Net Change in Fund Balance</i>	(158,883)	(158,883)	4,008	162,891
<i>Fund Balance Beginning of Year</i>	158,883	158,883	158,883	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,891</u>	<u>\$ 162,891</u>



Scioto Township  
Ross County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances  
Budget and Actual - Budgetary Basis  
Fire District Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 132,000	\$ 132,000	\$ 124,068	\$ (7,932)
Intergovernmental	12,100	12,100	14,908	2,808
Miscellaneous	19,929	19,929	35,368	15,439
<i>Total receipts</i>	<u>164,029</u>	<u>164,029</u>	<u>174,344</u>	<u>10,315</u>
<b>Disbursements</b>				
Current:				
General Government	23,500	23,500	16,907	6,593
Public Safety	262,000	262,000	109,942	152,058
Capital Outlay	80,587	80,587	31,065	49,522
<i>Total Disbursements</i>	<u>366,087</u>	<u>366,087</u>	<u>157,914</u>	<u>208,173</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(202,058)</u>	<u>(202,058)</u>	<u>16,430</u>	<u>218,488</u>
<i>Net Change in Fund Balance</i>	(202,058)	(202,058)	16,430	218,488
<i>Fund Balance Beginning of Year</i>	202,058	202,058	202,058	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,488</u>	<u>\$ 218,488</u>

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 1 REPORTING ENTITY**

Scioto Township, Ross County, Ohio (the Township) is a body corporate and politic established in 1803 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three member Board of Trustees. The Township also has an elected Township Fiscal Officer.

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

**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 governmental services, including maintenance of Township roads and bridges and cemetery maintenance. The Township has a volunteer fire department for fire protection.

**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 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. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the township and are significant in amount to the Township. Scioto Township does not have any Component Units.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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 assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Scioto Township does not have any business-type activities.

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other non exchange transactions as governmental funds. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Cemetery and Fire District Funds.

*General Fund*

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Gasoline Tax Fund*

This fund receives monies from road use taxes and is available for payroll and to pay for constructing, maintaining and repairing Townships roads.

*Road and Bridge Fund*

This fund receives property tax monies to pay for constructing, maintaining and repairing Township roads and bridges.

*Cemetery Fund*

This fund receives general tax monies and funds from the sale of lot fees and fees for opening and closing of graves to maintain the cemetery lots.

*Fire District Fund*

This fund receives property tax monies for operating fire and emergency services within the Township.

*Other Governmental Funds*

The other governmental funds of the Township account for grants and other resources whose uses are restricted to a particular purpose.

**C Basis of Accounting**

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

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

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D Budgetary Process** (continued)

The appropriations ordinance 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 Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimates 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 ordinance 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 ordinance 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."

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

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

During 2005, the Township invested in a money market fund and repurchase agreements. The Township's money market fund and repurchase agreements are recorded at the amount reported by Huntington Bank on December 31, 2005.

Interest earnings are allocated to Township funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$10,763.

**F Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 Interfund Receivable/Payable**

The Township reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting. Employees, upon retirement, and after at least ten years of employment, are entitled to receive 25% of their accumulated sick leave. This pay-out is rewarded at the time of retirement from the Township.

**J Employer Contributions to Cost-Sharing Pension Plans**

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

**K Long-Term Obligations**

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

**L Net Assets**

Net assets are 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 assets restricted for other purposes include resources restricted for constructing, maintaining, and repairing Township roads, providing fire and emergency services for the Township, and for cemetery maintenance. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted or unrestricted net assets are available. At year end, net assets restricted for other purposes totaled \$635,231.

**M Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicated that portion of fund balance which is available for appropriation in the future periods. The Township did not have any fund balance reserves at December 31, 2005.

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**N Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. During 2005, there were no interfund transfers.

**NOTE 3 CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

For 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2005, the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non major funds aggregated and presented in a single column rather than a column for each fund type. The transition from the regulatory basis of accounting to the modified cash basis of accounting did not have any impact on the fund balances of the Township.

**NOTE 4 BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual - Budgetary Basis that are presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund and the Fire District Fund were prepared on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis of accounting is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). There were no encumbrances outstanding at December 31, 2005.

**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.

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 5 DEPOSITS AND INVESTMENTS** (continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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 % 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).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), and by collateral pledged to the Township by the financial institution to secure the repayment of all public monies deposited with the institution.

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.

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

At December 31, 2005, the Township had no money in undeposited cash on hand.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reserve Repurchase Agreements."



Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 5 DEPOSITS AND INVESTMENTS** (continued)

Deposits

At year end, the Township maintained deposits at Huntington National Bank. The carrying and bank balances of the Township's deposits at December 31, 2005 were \$783,059 and \$824,364, respectively. Of the bank balance, \$178,810 is in a transferable money market account, \$520,554 is invested in an AFI Sweep Account or repurchase agreements, and \$125,000 is maintained in a checking account, which is tied to the AFI Sweep Account. \$100,000 of the total balance was covered by the Federal Depository Insurance Corporation (FDIC) and the balance was protected by a Memorandum of Agreement for Deposit of Public Funds at Huntington National Bank.

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$724,364 of the Township's bank balance was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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 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 105% of the deposits being secured. Scioto Township has a Money Management Policy that covers the chain of handling of monies within the Township.

Investments

Scioto Township investments are Active Monies. The Money Market Account is a specific account for Government Entities that was established to compare to the investment of STAR Ohio. The interest on the account will move with the amount of STAR Ohio plus 10 basis points. The investment can be withdrawn on command and is in a commercial account.

At December 31, 2005, \$178,810 of the bank balance is in a transferrable Money Market Account. The Money Market Account is an interest building account, and can be categorized as Level One for it is very low risk.

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirement for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14 (M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 6 PROPERTY TAX**

Property taxes include amounts levied against all real property, public utility property and tangible personal property located in the Township. Real property taxes received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 % of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25% of true value for capital assets and 23% for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$5.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$283,551,390
Agriculture	5,141,820
Commercial/Industrial/Mineral	139,629,210
Public Utility Property	
Real	176,510
Personal	28,099,350
Tangible Personal Property	<u>92,838,240</u>
Total Assessed Value	<u>\$549,436,520</u>

**NOTE 7 DEBT**

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note-Fire Truck	<u>\$148,618</u>	3.75%

Scioto Township has an outstanding five year note used for the purchase of a fire truck which will end in the year 2009. The general obligation note is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 7 DEBT** (continued)

The following is a summary of the Township's future annual debt service requirements:

<u>Year Ending December 31,</u>	<u>Principal Due</u>	<u>Interest Due</u>
2006	\$ 35,128	\$ 5,573
2007	36,446	4,255
2008	37,804	2,897
2009	<u>39,240</u>	<u>1,461</u>
	<u>\$148,618</u>	<u>\$14,186</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5% of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5% of its tax valuation.

**NOTE 8 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 pays the State Workers' Compensation System a premium based on a rate of \$100 per salaries. This rate is calculated based on accident history and administrative costs. The system administers and pays all claims.

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500,000,000 per occurrence.

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 8 RISK MANAGEMENT** (continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600,000,000 per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit. The aggregate stop loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claim payments on covered losses. Claims exceeding coverage limits are the obligations of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's premium. Also, upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2005:

<u>Casualty Coverage</u>	<u>2005</u>
Assets	\$30,485,638
Liabilities	<u>(12,344,576)</u>
Retained Earnings	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2005</u>
Assets	\$ 9,177,796
Liabilities	<u>(1,406,031)</u>
Retained Earnings	<u>\$ 7,771,765</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Townships's share of these unpaid claims is approximately \$69,018.

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 9 DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing multiple employer defined benefit pension plan. The member plan is a defined contribution plan in which the member invests both member and employer contributions. (Employer contributions vest over a 5 year period at the rate of 20% per year.) Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under this plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions are self-directed by the member and accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to member of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues stand-alone financial reports that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5% of their annual covered salaries. The Township's contributions were 13.55% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

**NOTE 10 POST EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post retirement health care coverage to age and service retirees with ten or more years of service of qualifying service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for post retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post retirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll; 4% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll between .5% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between 1% and 6% annually for the next 8 years and 4% annually after 8 years.

Scioto Township  
Ross County, Ohio

Notes to the Financial Statements  
December 31, 2005

**NOTE 10 POST EMPLOYMENT BENEFITS** (continued)

Ohio Public Employees Retirement System (continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**NOTE 11 SUBSEQUENT EVENTS**

At December 31, 2005, the Township was a defendant in several lawsuits. Subsequent to year end, all the lawsuits were withdrawn.

During the audits for 2002 and 2003, Findings for Recovery were issued against two former employees. The matter was subsequently turned over to the Ross County Prosecuting Attorney who set up a repayment plan. These two former employees are still indebted to the Township as of December 31, 2005.



INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Scioto Township
Ross County
164 South Watt Street
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of Scioto Township, Ross County, Ohio (the Township) as of and for the year ended December 31, 2005, which collectively comprise the township's basic financial statements, and have issued our report thereon dated September 24, 2007, wherein we noted that the Township revised its financial statements for 2005, making them comparable to the requirements of Government Auditing Standard No. 34, Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control would not necessarily disclose all matters in the internal over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Scioto Township in a separate letter dated September 24, 2007.

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Scioto Township  
Ross County, Ohio  
Independent Accountant's Report on Internal Control Over Financial Reporting  
and on Compliance with Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standard* which is described in the accompanying schedule of Findings as item 2005-001. We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 24, 2007.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.



Van Krevel & Company  
Dublin, Ohio

September 24, 2007



Scioto Township  
Ross County, Ohio

Schedule of Audit Findings  
December 31, 2005

**FINDING 2005-001**

**Posting Receipts and Expenditures**

During 2005, several receipts and expenditures were not posted to appropriate revenue and expenditure classifications based on the source of the receipt or expenditure, causing several reclasses to be made during the audit of the Township records. These reclasses have been reflected in the financial statements. Not reporting revenues and expenditures in the correct line items could lead to material misstatements of the Township's financial statements. We recommend that the Fiscal Officer ensure that each revenue and expenditure is recorded in the proper line item by referring to Section IV of the Township Handbook provided by the state online when not sure which function to use.

**Management's Response** – We did not receive a response from officials to this finding.

Scioto Township  
Ross County, Ohio

Schedule of Prior Audit Findings  
December 31, 2005

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Explanation</u>
2003-001	Finding for Recovery - Former Employee	No	Matter turned over to Ross County Prosecuting Attorney who set up a payment plan. Balance due from this finding at December 31, 2005 was \$1,326.00.
2003-002	Finding for Recovery - Former Employee	No	Matter turned over to Ross County Prosecuting Attorney who set up a payment plan. Balance due from this finding at December 31, 2005 was \$848.39.
2003-003	Certifying Funds Prior to Expenditure	Yes	
2004-001	Posting Receipts and Expenditures	No	Repeated in 2005. See 2005-001.



**Mary Taylor, CPA**  
Auditor of State

**SCIOTO TOWNSHIP**

**ROSS 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  
DECEMBER 18, 2007**