



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

SCIOTO TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017
Fiscal Years Audited Under GAGAS: 2018 and 2017

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Trustees
Scioto Township Joint Economic Development District
6752 State Route 762
Commercial Point, Ohio 43116

We have reviewed the *Independent Auditor's Report* of the Scioto Township Joint Economic Development District, Pickaway County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. 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. The Scioto Township Joint Economic Development District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 29, 2019

This page intentionally left blank.

SCIOTO TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY
Table of Contents
For the Fiscal Years Ended December 31, 2018 and 2017

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Basic Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) –Governmental Fund Types For the Year Ended December 31, 2018.....	3
Notes to the Financial Statements For the Year Ended December 31, 2018.....	4
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) –Governmental Fund Types For the Year Ended December 31, 2017.....	7
Notes to the Financial Statements For the Year Ended December 31, 2017.....	8
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

Scioto Township Joint Economic Development District
Pickaway County
6752 State Route 762
Commercial Point, Ohio 43116

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Scioto Township Joint Economic Development District, Pickaway County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Scioto Township Joint Economic Development District, Pickaway County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the District'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 District's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
June 28, 2019

**SCIOTO TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Governmental Fund Types	
	General	
Cash Receipts:		
Income Tax Revenue	\$	1,222,765
Interest		4
		4
Total Cash Receipts		1,222,769
Cash Disbursements:		
Scioto Township		1,070,753
Grove City		121,677
Commercial Point		24,335
Professional Fees		66
Insurance		2,243
Bank Charges		9
		9
Total Cash Disbursements		1,219,083
Excess of Receipts Over/(Under) Disbursements		3,686
Fund Cash Balances, January 1		582
Fund Cash Balances, December 31		
Unassigned		4,268
Fund Cash Balances, December 31	\$	4,268

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

Scioto Township Joint Economic Development District

Pickaway County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The Scioto Township Joint Economic Development District, Pickaway County, Ohio contract was entered into as of February 1, 2014 by and among the Township of Scioto located in the County of Pickaway, Ohio, the City of Grove City, Ohio and Village of Commercial Point, Ohio under the authority of Sections 715.72 through 715.81 of the Ohio Revised Code. The District operates under an appointed Board of Directors established in accordance with Ohio Revised Code Section 715.78(A) and was formed to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the Township, the City, the Village and the State of Ohio. The District is currently funded through the distribution of income tax on an as needed basis.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Cash and Cash Equivalents

The District's cash and cash equivalents consist of an interest-bearing checking account. Cash on deposit with the Corporation's banking institution was fully covered by federal depository insurance during the year ended December 31, 2018.

Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted to use. The District has the following fund:

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

Fund Balance

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

Scioto Township Joint Economic Development District

Pickaway County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are 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 included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District 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 2 – Deposits and Investments

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	<u>\$4,268</u>
Total deposits and investments	<u><u>\$4,268</u></u>

Note 3 – Local Income Tax

The District levies a municipal income tax of 2 percent on substantially all earned income arising from employment of business activities within the District. Employers within the District withhold income tax on employee compensation and remit the tax to the District via Grove City. Income tax receipts are distributed to Scioto Township at 88%, Grove City at 10%, Commercial Point at 2%.

Scioto Township Joint Economic Development District

Pickaway County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 4 – Risk Management

Commercial Insurance

The District has commercial insurance for general liabilities. The District has elected to not procure commercial insurance for comprehensive property insurance as the District has no physical assets nor does the Board perform any operation or provide any direct service that would subject the District to property loss.

Surety Bonds

In accordance with the Ohio Revised Code, the District maintains surety bonds for all Board members and officers.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**SCIOTO TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Governmental Fund Types	
	General	
Cash Receipts:		
Income Tax Revenue	\$	1,267,908
Interest		3
		3
Total Cash Receipts		1,267,911
Cash Disbursements:		
Scioto Township		1,115,759
Grove City		126,791
Commercial Point		25,358
Professional Fees		1,845
Insurance		2,318
Bank Charges		5
		5
Total Cash Disbursements		1,272,076
Excess of Receipts Over/(Under) Disbursements		(4,165)
Fund Cash Balances, January 1		4,747
Fund Cash Balances, December 31		
Unassigned		582
Fund Cash Balances, December 31	\$	582

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

Scioto Township Joint Economic Development District

Pickaway County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The Scioto Township Joint Economic Development District, Pickaway County, Ohio contract was entered into as of February 1, 2014 by and among the Township of Scioto located in the County of Pickaway, Ohio, the City of Grove City, Ohio and Village of Commercial Point, Ohio under the authority of Sections 715.72 through 715.81 of the Ohio Revised Code. The District operates under an appointed Board of Directors established in accordance with Ohio Revised Code Section 715.78(A) and was formed to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the Township, the City, the Village and the State of Ohio. The District is currently funded through the distribution of income tax on an as needed basis.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Cash and Cash Equivalents

The District's cash and cash equivalents consist of an interest-bearing checking account. Cash on deposit with the Corporation's banking institution was fully covered by federal depository insurance during the year ended December 31, 2017.

Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted to use. The District has the following fund:

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

Fund Balance

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

Scioto Township Joint Economic Development District

Pickaway County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are 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 included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District 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 2 – Deposits and Investments

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	<u>\$582</u>
Total deposits and investments	<u><u>\$582</u></u>

Note 3 – Local Income Tax

The District levies a municipal income tax of 2 percent on substantially all earned income arising from employment of business activities within the District. Employers within the District withhold income tax on employee compensation and remit the tax to the District via Grove City. Income tax receipts are distributed to Scioto Township at 88%, Grove City at 10%, Commercial Point at 2%.

Scioto Township Joint Economic Development District

Pickaway County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 4 – Risk Management

Commercial Insurance

The District has commercial insurance for general liabilities. The District has elected to not procure commercial insurance for comprehensive property insurance as the District has no physical assets nor does the Board perform any operation or provide any direct service that would subject the District to property loss.

Surety Bonds

In accordance with the Ohio Revised Code, the District maintains surety bonds for all Board members and officers.

This page intentionally left blank.



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

Scioto Township Joint Economic Development District
Pickaway County
6752 State Route 762
Commercial Point, Ohio 43116

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 cash balances, receipts and disbursements by fund type of the Scioto Township Joint Economic Development District, Pickaway County, (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2019 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District'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.

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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
June 28, 2019

**Scioto Township Joint Economic Development District
Pickaway County
Schedule of Findings
December 31, 2018 and 2017**

1. SUMMARY OF AUDITOR'S RESULTS

FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

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

Accurate financial reporting is the responsibility of the Fiscal Officer, and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following errors were noted:

- Various note disclosures required modification in 2017 and 2018, as they were not appropriately updated or information was not presented. Specifically, significant issues were noted related to the Deposits, Income Tax and Risk Management footnote disclosures.

The errors noted above were due to an insufficiency of monitoring by management.

The failure to correctly classify financial activity in the accounting records and financial statements may impact a user's understanding of the financial operations, the ability to make sound financial decisions, the ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner by the Board. Inaccurate note disclosures pose the risk of misleading the readers of the annual financial report.

The District should adopt policies and procedures to identify and correct errors and omissions. The Fiscal Officer should review the most current note disclosure shell available on the Auditor of State web site for the most up-to-date version of the note disclosures. A secondary review of the Notes to the Financial Statements should be performed to verify that all amounts are accurate and agree to supporting documentation.

Officials' Response: We did not receive a response to this finding

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



SCIOTO TOWNSHIP JOINT ECONOMIC DEVELOPMENT DISTRICT

PICKAWAY 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
AUGUST 8, 2019**