



**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



SCIOTO TOWNSHIP  
PICKAWAY COUNTY

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Scioto Township  
Pickaway County  
6752 St. Rt. 762, P.O. Box 40  
Commercial Point, Ohio 43116

To: Board of Trustees

We have audited the accompanying financial statements of Scioto Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

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 audit 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting 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 combined fund cash balances of Scioto Township, Pickaway County, Ohio as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2002 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 grants. 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 that audit.

This report is intended solely for the information and use of management and Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

May 16, 2002

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**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$51,863	\$328,768	\$0	\$380,631
Intergovernmental	35,119	127,194	133,749	296,062
Charges for Services	0	513,327	0	513,327
Licenses, Permits, and Fees	5,484	78,948	41,850	126,282
Earnings on Investments	14,040	2,195	0	16,235
Other Revenue	3,924	17,418	0	21,342
	<u>110,430</u>	<u>1,067,850</u>	<u>175,599</u>	<u>1,353,879</u>
<b>Total Cash Receipts</b>				
	<u>110,430</u>	<u>1,067,850</u>	<u>175,599</u>	<u>1,353,879</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	75,676	7,640	0	83,316
Public Safety	0	797,438	0	797,438
Public Works	0	192,054	0	192,054
Health	9,366	7,619	0	16,985
Debt Service:				
Redemption of Principal	43,000	59,851	0	102,851
Interest and Fiscal Charges	3,225	2,425	0	5,650
Capital Outlay	1,311	20,757	133,799	155,867
	<u>132,578</u>	<u>1,087,784</u>	<u>133,799</u>	<u>1,354,161</u>
<b>Total Cash Disbursements</b>				
	<u>132,578</u>	<u>1,087,784</u>	<u>133,799</u>	<u>1,354,161</u>
<b>Total Receipts Over/(Under) Disbursements</b>	(22,148)	(19,934)	41,800	(282)
<b>Fund Cash Balances, January 1</b>	<u>161,351</u>	<u>258,970</u>	<u>7,917</u>	<u>428,238</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$139,203</u></u>	<u><u>\$239,036</u></u>	<u><u>\$49,717</u></u>	<u><u>\$427,956</u></u>

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

**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$49,130	\$309,053	\$0	\$358,183
Intergovernmental	88,795	107,141	0	195,936
Charges for Services	0	418,191	0	418,191
Licenses, Permits, and Fees	5,512	17,425	2,400	25,337
Earnings on Investments	18,693	2,066	0	20,759
Other Revenue	6,413	57,589	0	64,002
	<u>168,543</u>	<u>911,465</u>	<u>2,400</u>	<u>1,082,408</u>
<b>Total Cash Receipts</b>				
	<u>168,543</u>	<u>911,465</u>	<u>2,400</u>	<u>1,082,408</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	76,896	6,690	0	83,586
Public Safety	0	632,952	0	632,952
Public Works	0	130,589	0	130,589
Health	9,014	5,025	0	14,039
Debt Service:				
Redemption of Principal	43,000	59,851	0	102,851
Interest and Fiscal Charges	4,114	6,922	1,500	12,536
Capital Outlay	0	72,934	0	72,934
	<u>133,024</u>	<u>914,963</u>	<u>1,500</u>	<u>1,049,487</u>
<b>Total Cash Disbursements</b>				
	<u>133,024</u>	<u>914,963</u>	<u>1,500</u>	<u>1,049,487</u>
Total Receipts Over/(Under) Disbursements	35,519	(3,498)	900	32,921
Fund Cash Balances, January 1	<u>125,832</u>	<u>262,468</u>	<u>7,017</u>	<u>395,317</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$161,351</b></u>	<u><b>\$258,970</b></u>	<u><b>\$7,917</b></u>	<u><b>\$428,238</b></u>

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



**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Scioto Township, Pickaway County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road maintenance and repair, fire protection and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road & Bridge Fund-This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire and Emergency Levy Fund - This fund accumulates tax levy and charges for services receipts for the provision of fire protection services to the Township and contracting governments.

**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Project Fund**

The capital project fund is used to accumulate and account for the monies received from various sources to fund capital improvements: The Township had the following significant Capital Project Funds:

Ohio Public Works Fund- the fund receives monies from the Ohio Public Works Commission to fund road projects.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made..

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$417,956	\$418,238
Certificates of deposit	<u>10,000</u>	<u>10,000</u>
Total deposits	<u>\$427,956</u>	<u>\$428,238</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

<b>2001 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 107,342	\$ 110,430	\$ 3,088
Special Revenue	973,044	1,067,850	94,806
Capital Projects	<u>173,800</u>	<u>175,599</u>	<u>1,799</u>
Total	<u>\$ 1,254,186</u>	<u>\$ 1,353,879</u>	<u>\$ 99,693</u>

<b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 157,550	\$ 132,578	\$ 24,972
Special Revenue	1,173,994	1,087,784	86,210
Capital Projects	<u>169,300</u>	<u>133,799</u>	<u>35,501</u>
Total	<u>\$ 1,500,844</u>	<u>\$ 1,354,161</u>	<u>\$ 146,683</u>

**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 137,340	\$ 168,543	\$ 31,203
Special Revenue	845,121	911,465	66,344
Capital Projects	46,032	2,400	(43,632)
Total	\$ 1,028,493	\$ 1,082,408	\$ 53,915

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 154,719	\$ 133,024	\$ 21,695
Special Revenue	1,017,225	914,963	102,262
Capital Projects	48,300	1,500	46800
Total	\$ 1,220,244	\$ 1,049,487	\$ 170,757

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes for the construction of a Township hall.	\$86,000	from 4.68 to 4.72%
Total	\$86,000	

**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT (Continued)**

The general obligation notes were issued for the construction of the Township Hall in 1998. The debt is paid from the general resources of the Township.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>General Obligation Note</u>
2002	\$4,042
2003	4,042
2004	4,042
2005	47,042
2006	<u>45,030</u>
Total	<u><u>\$104,198</u></u>

A General Obligation Note issued for the purchase of a fire truck in 1999 with interest rate at 4.52% was retired in 2001.

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of OP&F contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries from June 30, 2000 through December 31, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

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 governments 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. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Coverage**

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do 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 report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED  
BY GOVERNMENT AUDITING STANDARDS**

Scioto Township  
Pickaway County  
6752 St. Rt. 762, P.O. Box 40  
Commercial Point, Ohio 43116

To: Board of Trustees

We have audited the accompanying financial statements of Scioto Township, Pickaway County, Ohio (the Township), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 16, 2002. 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.

**Compliance**

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, contracts and grants, noncompliance 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 no instance of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 16, 2002.

**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 over financial reporting would not necessarily disclose all matters in the internal control 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 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 operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 16, 2002.

Scioto Township  
Pickaway County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**JIM PETRO**  
Auditor of State

May 16, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**SCIOTO TOWNSHIP**

**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  
JUNE 6, 2002**