



SCIOTO TOWNSHIP, ROSS COUNTY

Regular Audit

For the Years Ended December 31, 2009 and 2008

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA

Auditor of State

Board of Trustees
Scioto Township
164 South Watt Street
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of Scioto Township, Ross County, prepared by J. L. Uhrig and Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 6, 2010

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SCIOTO TOWNSHIP, ROSS COUNTY
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Independent Auditor's Report

Board of Trustees
Scioto Township, Ross County
164 South Watt Street
Chillicothe, OH 45601

We have audited the accompanying financial statements of Scioto Township (the Township), Ross County as of and for the years ended December 31, 2009 and 2008. 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 of America. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Township prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements presents for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Board of Trustees
Scioto Township, Ross County
Independent Auditor's Report

Also, in our opinion the financial statements referred to in the first paragraph above presents fairly, in all material respects, the combined fund cash balances of the Township, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2010 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. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. 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 when considering the results of our audit.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

October 21, 2010

SCIOTO TOWNSHIP, ROSS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2009

	Governmental Fund Types			Totals
	General	Special Revenue	Permanent	
<u>Cash Receipts:</u>				
Local Taxes	\$158,218	\$448,207	\$0	\$606,425
Intergovernmental	80,810	168,459	0	249,269
Charges for Services	0	120,363	0	120,363
Licenses, Permits, and Fees	0	93,726	0	93,726
Earnings on Investments	1,119	228	83	1,430
Other Revenue	28,670	73,791	0	102,461
Total Cash Receipts	268,817	904,774	83	1,173,674
<u>Cash Disbursements:</u>				
<i>Current:</i>				
General Government	348,424	26,175	0	374,599
Public Safety	0	135,751	0	135,751
Public Works	0	232,531	0	232,531
Health	0	279,305	0	279,305
Capital Outlay	70,701	166,089	0	236,790
Total Cash Disbursements	419,125	839,851	0	1,258,976
Total Cash Receipts Over/(Under) Cash Disbursements	(150,308)	64,923	83	(85,302)
<u>Other Financing Receipts:</u>				
Proceeds from Loan	0	100,000	0	100,000
Other Financing Sources	0	866	0	866
Other Financing Uses	(517)	0	0	(517)
Total Other Financing Receipts	(517)	100,866	0	100,349
Excess of Revenues and Other Financing Receipts (Uses) Over (Under) Expenditures and Other Uses	(150,825)	165,789	83	15,047
Fund Cash Balances, January 1	167,697	812,245	31,765	1,011,707
Fund Cash Balances, December 31	\$16,872	\$978,034	\$31,848	\$1,026,754

See accompanying notes to the financial statements.

SCIOTO TOWNSHIP, ROSS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Permanent	
<u>Cash Receipts:</u>					
Local Taxes	\$130,037	\$418,476	\$40,701	\$0	\$589,214
Intergovernmental	142,888	155,879	0	0	298,767
Charges for Services	0	157,294	0	0	157,294
Licenses, Permits, and Fees	0	93,196	0	0	93,196
Earnings on Investments	7,358	1,508	0	447	9,313
Other Revenue	34,043	84,956	0	0	118,999
Total Cash Receipts	<u>314,326</u>	<u>911,309</u>	<u>40,701</u>	<u>447</u>	<u>1,266,783</u>
<u>Cash Disbursements:</u>					
<i>Current:</i>					
General Government	316,918	51,946	0	0	368,864
Public Safety	0	182,970	0	0	182,970
Public Works	0	286,212	0	0	286,212
Health	0	274,919	0	0	274,919
Conservation and Recreation	2,000	0	0	0	2,000
Capital Outlay	0	91,432	0	0	91,432
<i>Debt Service:</i>					
Redemption of Principal	0	38,714	37,831	0	76,545
Interest and Fiscal Charges	0	82	2,870	0	2,952
Total Cash Disbursements	<u>318,918</u>	<u>926,275</u>	<u>40,701</u>	<u>0</u>	<u>1,285,894</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(4,592)	(14,966)	0	447	(19,111)
<u>Other Financing Receipts:</u>					
Other Financing Uses	(453)	0	0	0	(453)
Total Other Financing Receipts	<u>(453)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(453)</u>
Excess of Revenues and Other Financing Receipts Over (Under) Expenditures	(5,045)	(14,966)	0	447	(19,564)
Fund Cash Balances, January 1	<u>172,742</u>	<u>827,211</u>	<u>0</u>	<u>31,318</u>	<u>1,031,271</u>
Fund Cash Balances, December 31	<u><u>\$167,697</u></u>	<u><u>\$812,245</u></u>	<u><u>\$0</u></u>	<u><u>\$31,765</u></u>	<u><u>\$1,011,707</u></u>

See accompanying notes to the financial statements.

SCIOTO TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 1 – Reporting Entity

Scioto Township, Ross County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection and emergency medical services.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Township's 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. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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:

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

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

Gasoline Tax Fund – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state, and used for the repair and maintenance of Township roads.

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

Cemetery Fund - This fund receives general tax money, funds from the sale of lots and fees for opening and closing graves that are used to maintain the cemetery.

Fire District Fund - This fund receives property tax money for operating fire and emergency services within the Township.

Debt Service Fund: The debt service fund is used to accumulate resources for the payment of bond and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund – This fund receives tax monies for the payment of a note used to purchase a fire department tanker truck.

SCIOTO TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies - (continued)

Capital Project Fund: This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Funds:

Issue I Fund – This fund is used to account for Issue I monies received and expended by the Ross County Engineer on behalf of the Township for road and bridge maintenance.

Permanent Fund: These funds are used to account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's program. The Township had the following significant Permanent Fund.

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the upkeep and/or improvements to the cemeteries within the Township.

Budgetary Process

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

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

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

Encumbrances: The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 4.

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.

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, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 3 – Cash and Investments

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Township had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2009	December 31, 2008
Demand Deposits	\$691,696	\$647,133
Certificate of Deposit	335,058	364,574
	\$1,026,754	\$1,011,707

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

Note 4 – Budgetary Basis of Accounting

The Township's budgetary activity for the years ending December 31, 2009 and December 31, 2008 was as follows:

2009 Budgeted vs. Actual Receipts

	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$220,808	\$268,817	\$48,009
Special Revenue	1,074,124	1,005,640	(68,484)
Permanent	1,061	83	(978)
<i>Total</i>	\$1,295,993	\$1,274,540	(\$21,453)

2009 Budgeted vs. Actual Budgetary Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General	\$497,403	\$419,642	\$77,761
Special Revenue	1,777,470	839,851	937,619
Permanent	0	0	0
<i>Total</i>	\$2,274,873	\$1,259,493	\$1,015,380

SCIOTO TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 4 – Budgetary Basis of Accounting - (continued)

2008 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$224,471	\$314,326	\$89,855
Special Revenue	936,204	911,309	(24,895)
Debt Service	40,701	40,701	0
Permanent	1,030	447	(583)
<i>Total</i>	<u>\$1,202,406</u>	<u>\$1,266,783</u>	<u>\$64,377</u>

2008 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$486,574	\$319,371	\$167,203
Special Revenue	1,674,053	926,275	747,778
Debt Service	40,701	40,701	0
Permanent	0	0	0
<i>Total</i>	<u>\$2,201,328</u>	<u>\$1,286,347</u>	<u>\$914,981</u>

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. ORC Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriations. The Township violated this ORC Section when actual receipts were significantly less than estimated receipts, reducing available resources below the level of appropriations in the following funds for 2009: Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery and Fire District Funds and for 2008: Motor Vehicle License Tax, Road and Bridge, Cemetery, Fire District and Fire and Rescue Funds.

SCIOTO TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 5- Debt

Debt outstanding at December 31, 2009 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-08</u>	<u>Issued in 2009</u>	<u>Retired in 2009</u>	<u>Principal Balance 12-31-09</u>
General Obligation Note-Ambulance	2009	4.5%	\$0	\$100,000	\$0	\$100,000
Total			<u>\$0</u>	<u>\$100,000</u>	<u>\$0</u>	<u>\$100,000</u>

Debt outstanding at December 31, 2008 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-07</u>	<u>Issued in 2008</u>	<u>Retired in 2008</u>	<u>Principal Balance 12-31-08</u>
General Obligation Note-Fire Truck	2004	3.75%	\$76,545	\$0	\$76,545	\$0
Total			<u>\$76,545</u>	<u>\$0</u>	<u>\$76,545</u>	<u>\$0</u>

In 2004, the Township issued a general obligation note in the amount of \$76,545 to purchase a new fire truck for the Township.

In 2009, the Township issued a general obligation note in the amount of \$100,000 to purchase a new ambulance for the Township.

<u>Year ending December 31:</u>	<u>2009 Ambulance</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$18,280	\$4,500
2011	19,102	3,677
2012	19,960	2,818
2013	20,860	1,920
2014	21,798	981
Total	<u>\$100,000</u>	<u>\$13,896</u>

Note 6 – Property Taxes

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by 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 semi-annual payments, the first half is due December 31, and the second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

SCIOTO TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 6 – Property Taxes- (continued)

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

The full tax rate for all Township operations for the years ended December 31, 2009 and 2008 was \$7.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 and 2008 property tax receipts were based are as follows:

	2009	2008
Real Property		
Residential & Agricultural	322,599,000	321,347,200
Commercial/Industrial/Mineral	146,500,310	146,562,000
Tangible Personal Property	3,207,730	17,430,780
Public Utility	23,090,460	20,638,470
Total Assessed Value	495,397,500	\$505,978,450

Note 7 – Risk Management

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

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

Risk Pool Membership

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Service Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

A. Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

SCIOTO TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 7 – Risk Management- (continued)

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

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

B. 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, 2008 and 2007 (the latest information available):

	2008	2007
Assets	\$40,737,740	\$43,210,703
Liabilities	(12,981,818)	(13,357,837)
Net Assets	\$27,755,922	\$29,852,866

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township’s share of these unpaid claims collectible in the future years is approximately \$44,058.

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

Contributions to OTARMA	
2007	\$25,518
2008	25,208
2009	22,209

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they 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 budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

SCIOTO TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 8 – Retirement Systems

The Township's employees belong to the Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. The plan provides 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 2009 and 2008, members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards**

Board of Trustees
Scioto Township, Ross County
164 South Watt Street
Chillicothe, OH 45601

We have audited the accompanying financial statement of Scioto Township, Ross County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 21, 2010, wherein we noted that the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weaknesses.

Board of Trustees
Scioto Township, Ross County
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 21, 2010.

We intend this report solely for the information and use of the Board of Trustees and management, and it is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

October 21, 2010

SCIOTO TOWNSHIP, ROSS COUNTY
Schedule of Findings
For the Years Ended December 31, 2009 and 2008

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

Finding Number 2009-001

Financial Statement Adjustments - Material Weakness

Rule 117-2-01(A) and 117-2-01(B)(1) of the Ohio Administrative Code directs all public offices to design and operate a system of internal control that is adequate to provide reasonable assurance regarding the reliability of financial reporting.

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

The following audit adjustments were made to the December 31, 2009 financial statements:

1. To reclassify tax and intergovernmental revenue between the general fund and special revenue funds.
2. To correctly record new debt issuance.

The following audit adjustments were made to the December 31, 2008 financial statements:

1. To reclassify tax and intergovernmental revenue between the general fund and special revenue funds.
2. To correctly record debt payments.

These proposed adjustments have been made to the financial statements for both years and have been adjusted in the Township's UAN accounting system to correct the fund balances.

There were also several instances of errors in posting items at the object level. Since, they were at the object level and would not reflect a change on the financial statements, we did not propose adjustments for those items. We recommend the Township Fiscal officer refer to the UAN Chart of Accounts definitions included in the Township Accounting Manual for proper classifications and use due care in posting to the Township's books.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

SCIOTO TOWNSHIP, ROSS COUNTY
Schedule of Findings
For the Years Ended December 31, 2009 and 2008

Finding Number 2009-001- continued

We recommend the Township adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data throughout the year.

Officials' Response

No officials' response was provided by the Township.

Finding Number 2009-002

Actual Receipts less than Estimated Receipts - Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. ORC Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriations.

Actual receipts were significantly less than estimated receipts, reducing available resources below the level of appropriations in the following funds for 2009: Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery and Fire District Funds and for 2008: Motor Vehicle License Tax, Road and Bridge, Cemetery, Fire District and Fire and Rescue Funds. Since the expenditure of Township funds is based on estimated resources, instances when actual receipts do not meet budgetary estimates could lead to overspending.

The Fiscal Officer should monitor estimated and actual receipts. When it is apparent that actual receipts will fall short of budgetary estimates, the Fiscal Officer should obtain a reduced amended certificate from the County Budget Commission. The Board of Trustees should then make corresponding reductions in appropriations.

Officials' Response

No officials' response was provided by the Township.

SCIOTO TOWNSHIP, ROSS COUNTY
Schedule of Prior Audit Findings
For the Year Ended December 31, 2009 and 2008

Description	Status	Comments
<i>Government Auditing Standards:</i>		
<i>1. Noncompliance Citation and Significant Deficiency</i> - Deposits exceeding the pledged collateral.	Corrected	N/A
<i>2. Significant Deficiency and Material Weakness</i> - Budgetary information in the Township's computer was not up to date with the information filed with the County Budget Commission.	Corrected	N/A
<i>3. Significant Deficiency and Material Weakness</i> - Posting of receipts and expenditures, which resulted in adjustments to several fund balances.	Not Corrected	Reissued as finding 2009-001. The prior audit adjustments to the fund balances have been made to the Township's UAN accounting system.
<i>4. Noncompliance Citation and Significant Deficiency</i> - Expenditures exceeded appropriations at the legal level of control.	Corrected	N/A
<i>5. Noncompliance Citation, Significant Deficiency and Material Weakness</i> - Proper budgeting and accounting for On-Behalf-of Programs.	Corrected	N/A



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 16, 2010**