



Dave Yost • Auditor of State

SCIOTO TOWNSHIP
ROSS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Scioto Township
Ross County
P.O. Box 1975
Chillicothe, Ohio 45601

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, Ross County, (the Township) as of and for the years ended December 31, 2015 and 2014.

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 Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the Township 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 Township 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 Township as of December 31, 2015 and 2014, or changes in financial position 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 combined cash balances of Scioto Township, Ross County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements 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 November 17, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 17, 2016

**SCIOTO TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$83,299	\$426,950	\$31,305			\$541,554
Charges for Services		276,106				276,106
Licenses, Permits and Fees		122,468				122,468
Fines and Forfeitures		288				288
Intergovernmental	61,205	206,569		13,200		280,974
Earnings on Investments	1,366	173			50	1,589
Miscellaneous	45,342	114,294				159,636
<i>Total Cash Receipts</i>	<u>191,212</u>	<u>1,146,848</u>	<u>31,305</u>	<u>13,200</u>	<u>50</u>	<u>1,382,615</u>
Cash Disbursements						
Current:						
General Government	212,732	29,527				242,259
Public Safety		278,836				278,836
Public Works		467,696				467,696
Health		302,152				302,152
Human Services		11,100				11,100
Conservation-Recreation						0
Other		1,000				1,000
Capital Outlay		59,218		13,200		72,418
Debt Service:						
Principal Retirement			29,254			29,254
Interest and Fiscal Charges			2,051			2,051
<i>Total Cash Disbursements</i>	<u>212,732</u>	<u>1,149,529</u>	<u>31,305</u>	<u>13,200</u>	<u>0</u>	<u>1,406,766</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(21,520)</u>	<u>(2,681)</u>	<u>0</u>	<u>0</u>	<u>50</u>	<u>(24,151)</u>
<i>Fund Cash Balances, January 1</i>	<u>127,617</u>	<u>715,259</u>	<u>0</u>	<u>0</u>	<u>31,943</u>	<u>874,819</u>
Fund Cash Balances, December 31						
Nonspendable	0	0	0	0	20,000	20,000
Restricted	0	712,578	0	0	11,993	724,571
Assigned	106,097	0	0	0	0	106,097
<i>Fund Cash Balances, December 31</i>	<u>\$106,097</u>	<u>\$712,578</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,993</u>	<u>\$850,668</u>

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

**SCIOTO TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$82,410	\$419,711	\$32,051			\$534,172
Charges for Services		141,145				141,145
Licenses, Permits and Fees		90,047				90,047
Fines and Forfeitures						0
Intergovernmental	54,338	212,040		53,150		319,528
Earnings on Investments	1,381	156			50	1,587
Miscellaneous	39,580	74,839				114,419
<i>Total Cash Receipts</i>	<u>177,709</u>	<u>937,938</u>	<u>32,051</u>	<u>53,150</u>	<u>50</u>	<u>1,200,898</u>
Cash Disbursements						
Current:						
General Government	201,525	40,089				241,614
Public Safety		320,895				320,895
Public Works		442,177				442,177
Health		307,905				307,905
Human Services		14,571				14,571
Conservation-Recreation						0
Other		567				567
Capital Outlay		52,606		53,150		105,756
Debt Service:						
Principal Retirement			29,254			29,254
Interest and Fiscal Charges			2,797			2,797
<i>Total Cash Disbursements</i>	<u>201,525</u>	<u>1,178,810</u>	<u>32,051</u>	<u>53,150</u>	<u>0</u>	<u>1,465,536</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(23,816)</u>	<u>(240,872)</u>	<u>0</u>	<u>0</u>	<u>50</u>	<u>(264,638)</u>
Other Financing Receipts						
Other Financing Sources	33	16,289				16,322
<i>Total Other Financing Receipts</i>	<u>33</u>	<u>16,289</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,322</u>
<i>Net Change in Fund Cash Balances</i>	<u>(23,783)</u>	<u>(224,583)</u>	<u>0</u>	<u>0</u>	<u>50</u>	<u>(248,316)</u>
<i>Fund Cash Balances, January 1</i>	<u>151,400</u>	<u>939,842</u>			<u>31,893</u>	<u>1,123,135</u>
Fund Cash Balances, December 31						
Nonspendable	0	0	0	0	20,000	20,000
Restricted	0	715,259	0	0	11,943	727,202
Assigned	127,617	0	0	0	0	127,617
<i>Fund Cash Balances, December 31</i>	<u>\$127,617</u>	<u>\$715,259</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,943</u>	<u>\$874,819</u>

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

**SCIOTO TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Scioto Township, Ross County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in the Ohio Township Risk Management Authority, a risk-sharing pool available to Ohio Townships. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

C. Deposits

The Township's accounting basis includes cash as assets.

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

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

**SCIOTO TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Cemetery Fund - This fund receives property tax money for maintaining Township Cemeteries.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund - This fund receives real estate tax money for retirement of debt for an ambulance purchase.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay. The Township had the following significant Capital Project Fund:

Public Works Commission Project Fund - This fund records revenues received and expenses incurred by the Ross County Engineer on behalf of the Township in connection with repaving various roads within the Township.

5. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). 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 general maintenance and upkeep of the Township's cemetery.

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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

**SCIOTO TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

**SCIOTO TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	2015	2014
Demand deposits	\$850,668	\$874,819

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

3. Budgetary Activity

Budgetary activity for the years ending December 31 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$176,894	\$191,212	\$14,318
Special Revenue	976,232	1,146,848	170,616
Debt Service	31,305	31,305	0
Capital Projects	13,200	13,200	0
Permanent	0	50	50
Total	\$1,197,631	\$1,382,615	\$184,984

**SCIOTO TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. Budgetary Activity (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$304,536	\$212,732	\$91,804
Special Revenue	1,682,875	1,149,529	533,346
Debt Service	31,305	31,305	0
Capital Projects	13,200	13,200	0
Permanent	10,000	0	10,000
Total	\$2,041,916	\$1,406,766	\$635,150

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$150,369	\$177,742	\$27,373
Special Revenue	887,846	954,227	66,381
Debt Service	32,051	32,051	0
Capital Projects	53,150	53,150	0
Permanent	0	50	50
Total	\$1,123,416	\$1,217,220	\$93,804

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$177,370	\$201,525	(\$24,155)
Special Revenue	913,398	1,178,810	(265,412)
Debt Service	0	32,051	(32,051)
Capital Projects	53,150	53,150	0
Permanent	0	0	0
Total	\$1,143,918	\$1,465,536	(\$321,618)

4. Property Tax

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

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

**SCIOTO TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. Property Tax (Continued)

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, 2015 was as follows:

	Principal	Interest Rate
General Obligation Note - Ambulance	\$58,515	2.55%

In 2013, the Township issued a General Obligation Note through The Vinton County National Bank, in the amount of \$146,277, to purchase a new ambulance. The terms of the Note are 2.55% interest with semi-annual payments. The final payment on the Note will be paid on October 30, 2017. The Note is collateralized by the current revenue of the Township.

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

	General Obligation Note
Year ending December 31:	
2016	\$30,563
2017	29,820
Total	\$60,383

6. Capital Lease

Capital lease outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Capital Lease - 2010 International Plow Truck	\$31,888	4.09%

In 2012, the Township entered into a capital lease with GE Capital, in the amount of \$97,200, to lease a 2010 International Plow Truck with the option to purchase for \$1 at the end of the lease. The terms of the Lease are 4.09% interest with semi-annual payments for 60 months. The final payment on the Note will be paid in March of 2017.

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

	Capital Lease
Year ending December 31:	
2016	\$21,522
2017	11,697
Total	\$33,219

**SCIOTO TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

8. 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.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

**SCIOTO TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. Risk Management (Continued)

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, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$17,303.

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

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$32,647	\$33,765

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Dave Yost • Auditor of State

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

Scioto Township
Ross County
P.O. Box 1975
Chillicothe, Ohio 45601

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 Scioto Township, Ross County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated November 17, 2016 wherein we noted the Township 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 Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 2015-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

November 17, 2016

**SCIOTO TOWNSHIP
ROSS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

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

The Township misclassified and misposted various receipts and disbursements to the annual financial report submitted to the Auditor of State for fiscal years 2015 and 2014 as follows:

On the December 31, 2015 financial statements

- The Township posted Intergovernmental receipts as Tax receipts for homestead and rollback monies as follows: \$22,706 in the General Fund; \$23,779 in the Road and Bridge Fund; \$28,622 in the Fire and EMS Levy Fund; and \$39,921 in the Cemetery Levy Fund.
- In the Public Works Commission Fund, the Township failed to post \$13,200 to Intergovernmental receipts and Capital Outlay disbursements to record the on-behalf-of activity for paving done by Ross County Engineer using Community Development Block Grant monies.
- The Township misclassified \$106,097 in assigned General fund balance remaining at December 31, 2015, as unassigned. The amounts should have been classified as assigned because it related to 2016 appropriations exceeding estimated receipts for the year.
- In the Cemetery Bequest Fund, \$18,007 in nonspendable fund balance was misclassified as restricted fund balance.

On the December 31, 2014 financial statements

- The Township posted Intergovernmental receipts as Tax receipts for homestead and rollback monies as follows: \$21,585 in the General Fund; \$24,316 in the Road and Bridge Fund; \$29,614 in the Fire and EMS Levy Fund; and \$42,558 in the Cemetery Levy Fund.
- The Township posted \$25 in Cemetery Bequest Fund interest to the General Fund.
- In the Public Works Commission Project Fund, the Township failed to post \$53,150 to Intergovernmental receipts and Capital Outlay disbursements to record the on-behalf-of activity for paving done by Ross County Engineer using Community Development Block Grant monies, Issue I grant monies and Revolving Loan Fund monies.

**FINDING NUMBER 2015-001
(Continued)**

- The Township misclassified \$127,617 in assigned General Fund balance remaining at December 31, 2014 as unassigned. The amounts should have been classified as assigned to account for 2015 appropriations exceeding estimated receipts for the year.
- The Township misclassified \$3,008 in nonspendable Cemetery Bequest Fund balance as restricted fund balance.

These errors resulted in inaccurate financial statements. The Township has corrected the financial statements and accounting records, where applicable.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and footnotes by the Fiscal Officer and Board of Trustees to identify and correct errors and omissions.

We also recommend the Fiscal Officer take care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the Township's receipts and expenditures.

Officials' Response:

We did not receive a response from Officials to the finding reported above.

**SCIOTO TOWNSHIP
ROSS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Material Weakness - Ohio Admin. Code §§ 117-02-01(A) and 117-2-02(D) – Inaccurate Reconciliations, Inaccurate Accounting Records and Financial Statements	No	Partially Corrected. Reissued as Finding Number 2015-001
2013-002	Ohio Rev. Code § 145.47(B) – OPERS reports and remittances of contributions were filed and paid after due dates.	Yes	
2013-003	Ohio Rev. Code § 5705.38(A) – The Board of Trustees did not approve appropriations for 2013 or file appropriations with the County Auditor which resulted in no appropriations for 2013. Furthermore, appropriations exceeded estimated resources in two funds at December 31, 2012.	Yes	
2013-004	Ohio Rev. Code § 5705.41(B) – Expenditures exceeded appropriations in all funds at December 31, 2013 and in two funds at December 31, 2012.	No	Partially Corrected. Reissued as a Management Letter Citation.
2013-005	Ohio Rev. Code § 5705.41(D) – 100% of disbursements were not properly encumbered in 2013 and 23% of disbursements tested for 2012 were not properly encumbered for 2012.	No	Partially Corrected. Reissued as a Management Letter Citation.

Scioto Township
 Ross County
 Schedule of Prior Audit Findings
 Page 2

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-006	Material Weakness – No budgetary cycle process in place.	Yes	
2013-007	Material Weakness – Payroll process deficiencies.	Yes	
2013-008	Material Weakness – Fiscal Officer failed to provide accurate financial reports to the Board of Trustees.	Yes	
2013-009	Material Weakness – Fiscal Officer was unable to reconcile and close out 2012.	Yes.	
2013-010	Finding for Recovery – Ohio Rev. Code § 505.24 – overpayment of Trustee Tom Straub by \$1,426.	Yes.	
2013-011	Finding for Recovery – Ohio Rev. Code § 505.24 – overpayment of Trustee Paul Corcoran by \$1,426.	Yes	
2013-012	Finding for Recovery – Ohio Rev. Code § 505.24 – overpayment of Trustee John Wetzel by \$483.	Yes	
2013-013	Finding for Recovery – Ohio Rev. Code § 505.09 – overpayment of Fiscal Officer David May by \$1,334.	Yes.	



Dave Yost • 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 1, 2016**