



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

---

**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Scott Township  
Adams County  
163 Old State Route 32  
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the accompanying financial statements of Scott Township, Adams County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 audit provides 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, 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 10, 2000 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.

This report is intended solely for the information and use of management, the Board 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 10, 2000

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**SCOTT TOWNSHIP  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$8,662	\$72,341	\$4,470	\$0	\$0	\$85,473
Intergovernmental	17,706	64,850	0	0	0	82,556
Charges for Services	0	6,000	0	0	0	6,000
Earnings on Investments	285	570	0	0	253	1,108
Other Revenue	1,412	7,642	0	0	0	9,054
<b>Total Cash Receipts</b>	<b>28,065</b>	<b>151,403</b>	<b>4,470</b>	<b>0</b>	<b>253</b>	<b>184,191</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	17,983	0	0	0	0	17,983
Public Safety	0	22,457	0	0	0	22,457
Public Works	18,837	92,647	0	0	0	111,484
Health	2,024	7,363	0	0	0	9,387
Debt Service:						
Redemption of Principal	0	0	4,927	0	0	4,927
Interest and Fiscal Charges	0	0	58	0	0	58
Capital Outlay	2,000	608	0	0	0	2,608
<b>Total Cash Disbursements</b>	<b>40,844</b>	<b>123,075</b>	<b>4,985</b>	<b>0</b>	<b>0</b>	<b>168,904</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(12,779)</b>	<b>28,328</b>	<b>(515)</b>	<b>0</b>	<b>253</b>	<b>15,287</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	0	1,000	0	30,000	0	31,000
Transfers-Out	0	(30,000)	0	0	(1,000)	(31,000)
Other Sources	0	1,050	0	0	0	1,050
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>(27,950)</b>	<b>0</b>	<b>30,000</b>	<b>(1,000)</b>	<b>1,050</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(12,779)</b>	<b>378</b>	<b>(515)</b>	<b>30,000</b>	<b>(747)</b>	<b>16,337</b>
<b>Fund Cash Balances, January 1</b>	<b>31,884</b>	<b>48,781</b>	<b>515</b>	<b>70,000</b>	<b>6,000</b>	<b>157,180</b>
<b>Fund Cash Balances, December 31</b>	<b>\$19,105</b>	<b>\$49,159</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$5,253</b>	<b>\$173,517</b>

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

**SCOTT TOWNSHIP  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$6,506	\$63,727	\$5,921	\$0	\$0	\$76,154
Intergovernmental	23,507	79,789	54	0	0	103,350
Charges for Services	0	2,000	0	0	0	2,000
Earnings on Investments	908	1,246	0	0	0	2,154
Other Revenue	5,555	20,882	0	0	0	26,437
<b>Total Cash Receipts</b>	<b>36,476</b>	<b>167,644</b>	<b>5,975</b>	<b>0</b>	<b>0</b>	<b>210,095</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	22,347	0	0	0	0	22,347
Public Safety	0	21,573	0	0	0	21,573
Public Works	2,280	74,297	0	0	0	76,577
Health	1,709	7,625	0	0	0	9,334
Debt Service:						
Redemption of Principal	0	0	5,000	0	0	5,000
Interest and Fiscal Charges	0	0	460	0	0	460
Capital Outlay	1,000	17,115	0	0	0	18,115
<b>Total Cash Disbursements</b>	<b>27,336</b>	<b>120,610</b>	<b>5,460</b>	<b>0</b>	<b>0</b>	<b>153,406</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>9,140</b>	<b>47,034</b>	<b>515</b>	<b>0</b>	<b>0</b>	<b>56,689</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	0	0	0	70,000	0	70,000
Transfers-Out	0	(70,000)	0	0	0	(70,000)
Other Sources	0	1,650	0	0	0	1,650
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>(68,350)</b>	<b>0</b>	<b>70,000</b>	<b>0</b>	<b>1,650</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>9,140</b>	<b>(21,316)</b>	<b>515</b>	<b>70,000</b>	<b>0</b>	<b>58,339</b>
<b>Fund Cash Balances, January 1</b>	<b>22,744</b>	<b>70,097</b>	<b>0</b>	<b>0</b>	<b>6,000</b>	<b>98,841</b>
<b>Fund Cash Balances, December 31</b>	<b>\$31,884</b>	<b>\$48,781</b>	<b>\$515</b>	<b>\$70,000</b>	<b>\$6,000</b>	<b>\$157,180</b>

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

**SCOTT TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Scott Township, Adams 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 and bridge maintenance, 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.

**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 and U.S. Treasury Notes are valued at cost.

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

**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:

**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.

**Special Revenue Funds**

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:

*Gasoline Tax Fund* - Receives gasoline tax money for construction, maintaining and repairing Township roads.

**SCOTT TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1998**  
**(Continued)**

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

*Fire Levy Fund* - Receives proceeds from the property tax levy for providing fire protection to Township residents.

**Capital Project Funds**

These funds are 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:

Fire Department Capital Improvement - Receives transfers from the Fire Fund for the acquisition of land and construction of a new fire department building.

**Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

*Expendable Trust* - This fund received money from a Post family cemetery bequest and earns interest from a savings bond.

*Nonexpendable Trust* - This fund received money from a Hopkins family cemetery bequest and earns interest from a certificate of deposit.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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 County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**Estimated Resources**

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

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**SCOTT TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1998**  
**(Continued)**

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

**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.

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

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$68,517	\$81,180
Certificates of deposit	<u>105,000</u>	<u>75,000</u>
Total deposits	173,517	156,180
U.S. Treasury Bond	0	1,000
	<u>0</u>	<u>1,000</u>
Total investments	0	1,000
Total deposits and investments	<u><u>\$173,517</u></u>	<u><u>\$157,180</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,819	\$28,065	\$4,246
Special Revenue	140,967	153,453	12,486
Debt Service	3,955	4,470	515
Capital Projects	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Total	<u><u>\$198,741</u></u>	<u><u>\$215,988</u></u>	<u><u>\$17,247</u></u>

**SCOTT TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,703	\$40,844	\$14,859
Special Revenue	187,189	153,075	34,114
Debt Service	6,378	4,986	1,392
Capital Projects	70,000	0	70,000
Total	<u>\$319,270</u>	<u>\$198,905</u>	<u>\$120,365</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,010	\$36,476	\$12,466
Special Revenue	146,922	169,294	22,372
Debt Service	5,862	5,975	113
Capital Projects	0	70,000	70,000
Total	<u>\$176,794</u>	<u>\$281,745</u>	<u>\$104,951</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,444	\$27,336	\$17,108
Special Revenue	199,354	190,610	8,744
Debt Service	5,862	5,460	402
Capital Projects	0	0	0
Total	<u>\$249,660</u>	<u>\$223,406</u>	<u>\$26,254</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding 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 semiannual payment, 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.

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.

**SCOTT TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1998**  
**(Continued)**

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan 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 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**6. COMPLIANCE**

During 1999 Township Trustee and Township Clerks' salaries were not paid according to state statute. This resulted in overpayments to officials which were subsequently repaid in 2000.

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Scott Township  
Adams County  
163 Old State Route 32  
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the accompanying financial statements of Scott Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 15, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 1999-40401-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 10, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Scott Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as 1999-40401-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered material weakness. However, we believe the reportable condition described above is not a material weakness.

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

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 10, 2000.

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

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

**Jim Petro**  
Auditor of State

May 10, 2000

**SCOTT TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-40401-001**

**Findings Repaid Under Audit**

1. Township clerk's salaries are set by Ohio Rev. Code 507.09 based upon each township's annual budget. For the year ended December 31, 1999, Clerk Doris Baily was overpaid \$104.09 due to the clerk miscalculating the salary due her for that year. The Clerk repaid this amount to the Township on April 21, 2000, receipt number 1383 in the amount of \$104.09.
2. Township trustees salaries are set by Ohio Rev. Code 505.24 based upon each township's annual budget. For the year ended December 31, 1999, Trustee Dewey West was overpaid \$981.54 due to the Clerk miscalculating the salary for that year. Mr. West repaid this amount to the Township on April 21, 2000, receipt number 1382 in the amount of \$981.54.

There were other Township officials that received overpayment of salary; however, due to the amounts involved in those matters, they have been reported in a separate letter to management.

**FINDING NUMBER 1999-40401-002**

**Reportable Condition**

The Township Clerk is responsible for the calculation of officials salaries. During 1999 the Clerk overpaid officials a total of \$1,178.51 due to the miscalculation of salaries. These funds were subsequently repaid in 2000 by those officials; however, this resulted in public funds not being available for the Township to use for other public purposes.

The Clerk should become familiar with statutory requirements relative to officials' salary. The Clerk should also periodically review the Township budget to determine that officials are paid according to the budget and if the budget increases or decreases during the year the salaries may need to be adjusted accordingly. Auditor of State Bulletin 99-008 provides guidance regarding Township officers' compensation, and should be reviewed by the Township.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**SCOTT TOWNSHIP**

**ADAMS 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, 2000**