

SCIOTO TOWNSHIP  
DELAWARE COUNTY, OHIO

Financial Statements  
December 31, 2004 and 2003

Wolf, Rogers, Dickey & Co.  
*Certified Public Accountants*





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Scioto Township, Delaware County  
3737 Ostrander Rd.  
Ostrander, OH 43061

We have reviewed the *Independent Auditors' Report* of Scioto Township, Delaware County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2003 through December 31, 2004. 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 Auditors' 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 Auditors' 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, Delaware County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

March 7, 2006

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Scioto Township  
Delaware County, Ohio

For the Years Ended  
December 31, 2004 and 2003

Table of Contents

Independent Auditors' Report	1-2
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, 2004	3
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, 2003	4
Notes to the Financial Statements	5-10
Independent Auditors' Report on Internal Control Over Financial Reporting And On Compliance And Other Matters, Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	11-12
Schedule of Findings	13-15

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## Independent Auditors' Report

Scioto Township  
Delaware County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Scioto Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 described more fully in note 1, the Township has prepared these financial statements using accounting practices the Auditor of State of Ohio 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.

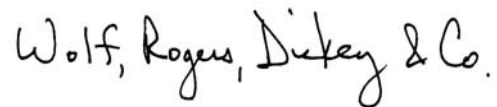
Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 and 2003, the revisions require presenting entity-wide statements and also to present larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio 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 of Ohio 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 year ended December 31, 2004 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, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Scioto Township, Delaware County, Ohio as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 our report dated November 4, 2005, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. While we did 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 in considering the results of our audit.



Certified Public Accountants

November 4, 2005

Scioto Township  
Delaware County, Ohio  
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, 2004

	Governmental Fund Types				Fiduciary Fund	Totals
	General	Special Revenue	Debt Service	Capital Projects	Non- Expendable Trusts	(Memorandum Only)
Cash receipts:						
Local taxes	\$ 91,180	236,178	13,819	-	-	341,177
Intergovernmental	65,020	141,535	1,510	-	-	208,065
Licenses, permits and fees	23,066	9,618	-	-	-	32,684
Earnings on investments	8,490	3,848	-	1,126	-	13,464
Other revenue	<u>6,587</u>	<u>15,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,927</u>
Total cash receipts	<u>194,343</u>	<u>406,519</u>	<u>15,329</u>	<u>1,126</u>	<u>-</u>	<u>617,317</u>
Cash disbursements:						
Current:						
General government	172,647	-	-	-	-	172,647
Public works	-	132,405	-	-	-	132,405
Public safety	-	147,076	-	-	-	147,076
Health	724	22,347	-	-	-	23,071
Conservation – recreation	46,680	-	-	-	-	46,680
Debt service:						
Redemption of principal	-	-	45,000	-	-	45,000
Interest and fiscal charges	-	-	76,500	-	-	76,500
Capital outlay	<u>10,212</u>	<u>46,614</u>	<u>224</u>	<u>65,798</u>	<u>-</u>	<u>122,848</u>
Total cash disbursements	<u>230,263</u>	<u>348,442</u>	<u>121,724</u>	<u>65,798</u>	<u>-</u>	<u>766,227</u>
Total receipts over (under) disbursements	(35,920)	58,077	(106,395)	(64,672)	-	(148,910)
Fund cash balances, January 1	<u>49,324</u>	<u>1,164,834</u>	<u>133,926</u>	<u>(23,740)</u>	<u>1,564</u>	<u>1,325,908</u>
Fund cash balances, December 31	\$ <u>13,404</u>	<u>1,222,911</u>	<u>27,531</u>	<u>(88,412)</u>	<u>1,564</u>	<u>1,176,998</u>
Reserve for encumbrances	\$ <u>5,588</u>	<u>17,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,739</u>

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



Scioto Township  
Delaware County, Ohio  
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, 2003

	Governmental Fund Types				Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non- Expendable Trusts	
Cash receipts:						
Local taxes	\$ 100,477	262,123	141,998	-	-	504,598
Intergovernmental	115,563	112,045	15,527	-	-	243,135
Licenses, permits and fees	7,467	7,036	-	-	-	14,503
Earnings on investments	7,781	4,235	1,700	1,117	35	14,868
Other revenue	<u>3,900</u>	<u>8,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,702</u>
Total cash receipts	<u>235,188</u>	<u>394,241</u>	<u>159,225</u>	<u>1,117</u>	<u>35</u>	<u>789,806</u>
Cash disbursements:						
Current:						
General government	179,622	-	-	-	-	179,622
Public safety	757	138,042	-	-	-	138,799
Public works	-	128,403	-	-	-	128,403
Health	5,304	11,833	-	-	-	17,137
Conservation – recreation	26,843	-	-	-	-	26,843
Debt service:						
Redemption of principal	-	-	1,600,000	-	-	1,600,000
Interest and fiscal charges	-	-	22,898	-	-	22,898
Capital outlay	<u>7,250</u>	<u>193,055</u>	<u>2,401</u>	<u>1,668,666</u>	<u>-</u>	<u>1,871,372</u>
Total cash disbursements	<u>219,776</u>	<u>471,333</u>	<u>1,625,299</u>	<u>1,668,666</u>	<u>-</u>	<u>3,985,074</u>
Total receipts over (under) disbursements	15,412	(77,092)	(1,466,074)	(1,667,549)	35	(3,195,268)
Other receipts (disbursements):						
Advances in	164,330	-	-	164,330	-	328,660
Advances out	(164,330)	-	-	(164,330)	-	(328,660)
Sale of notes	-	-	-	1,600,000	-	1,600,000
Sale of bonds	-	-	1,600,000	-	-	1,600,000
Other financing uses	<u>(3,673)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,673)</u>
Net other receipts (disbursements)	<u>(3,673)</u>	<u>-</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>	<u>3,196,327</u>
Total receipts over (under) disbursements	11,739	(77,092)	133,926	(67,549)	35	1,059
Fund cash balances, January 1	<u>37,585</u>	<u>1,241,926</u>	<u>-</u>	<u>43,809</u>	<u>1,529</u>	<u>1,324,849</u>
Fund cash balances, December 31	\$ <u>49,324</u>	<u>1,164,834</u>	<u>133,926</u>	<u>(23,740)</u>	<u>1,564</u>	<u>1,325,908</u>
Reserve for encumbrances	\$ <u>2,797</u>	<u>4,243</u>	<u>-</u>	<u>3,969</u>	<u>-</u>	<u>11,009</u>

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

Scioto Township  
Delaware County, Ohio  
Notes to the Financial Statements  
December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies

Description of the Entity

Scioto Township, Delaware County, Ohio (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 road and bridge maintenance and cemetery maintenance. The Township contracts with the Delaware County Sheriff's Department to provide security of persons and property.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 of Ohio.

Cash and Investments

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. Certificates of deposit are valued at cost.

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.

Scioto Township  
Delaware County, Ohio  
Notes to the Financial Statements  
December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

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 – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire District Fund – This fund receives tax money from a special fire levy for covering the cost of fire protection.

Debt Service Fund

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

General Bond Retirement Fund – This fund receives tax money earmarked to retire the bonded debt associated with the construction of the fire house.

Capital Project Fund

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:

Bond Fund – The Township accounted for the construction of a new fire house/ community center.

Fiduciary Funds (Trust)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had three nonexpendable trust funds for the maintenance of the cemetery.

Budgetary Process

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

Scioto Township  
 Delaware County, Ohio  
 Notes to the Financial Statements  
 December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies, continued

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. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2004 budgetary activity appears in Note 3.

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.

(2) Equity in Pooled Cash and Investments

The Township maintains a cash and investment 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>2004</u>	<u>2003</u>
Demand deposits	\$ 215,797	340,452
STAR Ohio	859,631	885,456
Certificates of deposit	<u>101,570</u>	<u>100,000</u>
Total deposits and investments	\$ <u>1,176,998</u>	<u>1,325,908</u>

Scioto Township  
 Delaware County, Ohio  
 Notes to the Financial Statements  
 December 31, 2004 and 2003

(2) Equity in Pooled Cash and Investments, continued

Demand deposits and certificates of deposit are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

The Township has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

<u>Fund Type</u>	<u>2004 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 166,837	194,343	27,506
Special revenue	371,023	406,519	35,496
Debt service	14,923	15,329	406
Capital projects	<u>          -</u>	<u>      1,126</u>	<u>      1,126</u>
Total	\$ <u>552,783</u>	<u>617,317</u>	<u>64,534</u>

<u>Fund Type</u>	<u>2004 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 253,857	235,851	18,006
Special revenue	395,443	365,593	29,850
Debt service	84,500	121,724	(37,224)
Capital projects	<u>      67,000</u>	<u>      65,798</u>	<u>      1,202</u>
Total	\$ <u>800,800</u>	<u>788,966</u>	<u>11,834</u>

Scioto Township  
 Delaware County, Ohio  
 Notes to the Financial Statements  
 December 31, 2004 and 2003

(3) Budgetary Activity, continued

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 172,816	235,188	62,372
Special revenue	367,787	394,241	26,454
Debt service	157,010	1,759,225	1,602,215
Capital projects	-	1,601,117	1,601,117
Non-expendable trust	<u>-</u>	<u>35</u>	<u>35</u>
Total	\$ <u>697,613</u>	<u>3,989,806</u>	<u>3,292,193</u>

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 326,449	226,246	100,203
Special revenue	842,522	475,576	366,946
Debt service	136,000	1,625,299	(1,489,299)
Capital projects	<u>1,659,081</u>	<u>1,672,635</u>	<u>(13,554)</u>
Total	\$ <u>2,964,052</u>	<u>3,999,756</u>	<u>(1,035,704)</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 of Ohio, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

(5) Debt

Voters in the general election held in November 2001 approved levying taxes outside the ten-mill limitation for the purpose of paying costs of constructing, equipping and furnishing a building for housing fire equipment, a town hall and offices. In March 2003, the Township issued bond anticipation

Scioto Township  
Delaware County, Ohio  
Notes to the Financial Statements  
December 31, 2004 and 2003

(5) Debt, continued

notes in the amount of \$1,600,000 for the purpose of constructing such a facility. The bond anticipation notes were retired in December 2003. The Township did not appropriate for the repayment of the bond anticipation notes in 2003 which caused expenditures to exceed appropriations in the Debt Service Fund by \$1,489,299.

In December 2003, the Township issued Capital Facilities Bonds in the amount of \$1,600,000, consisting of \$1,000,000 Serial Bonds and \$600,000 Term Bonds. The bonds shall mature in the principal amounts and shall bear interest at the rates per annum as follows: 2013 - \$600,000 bearing interest at 4.00%, each succeeding year from 2014 through 2023 - \$100,000 per year bearing interest at 5.25%.

The bonds maturing in 2013 shall be term bonds and shall be subject to mandatory sinking fund redemption as follows: 2004 through 2006 - \$45,000 per year; 2007 and 2008 - \$50,000 per year; 2009 - \$55,000; 2010 - \$60,000; 2011 and 2012 - \$75,000 per year and 2013 - \$100,000.

The bonds maturing on or after 2014 are subject to prior redemption on or after December 1, 2013, by and at the sole option of the Township, in integral multiples of \$5,000, at par plus accrued interest to the redemption date. In no event shall any redemption cause any bonds to be outstanding in a denomination which is less than \$100,000.

(6) Retirement Systems

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement 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 2004 and 2003, PERS members 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, 2004.

(7) Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

The Township also provides health insurance coverage to Township Trustees, the Clerk and other employees through a private carrier.

# Wolf, Rogers, Dickey & Co.

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## **Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

Scioto Township  
Delaware County, Ohio

To the Board of Trustees:

We have audited the financial statements of Scioto Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated November 4, 2005, wherein we noted the Township followed accounting practices the Auditor of State of Ohio 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as finding numbers 2004-01, 2004-05, 2004-07 and 2004-08.

A material weakness is a reportable 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 caused by error or fraud 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 also considered to be material weakness. However, of the reportable conditions described above, we consider finding number 2004-07 to be a material weakness.

Additionally, in a separate letter to the Township's management dated November 4, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### Compliance and Other Matters

As part of reasonably assuring 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as finding numbers 2004-01 through 2004-08. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 4, 2005.

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

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

November 4, 2005

Scioto Township  
Delaware County, Ohio  
Schedule of Findings  
December 31, 2004 and 2003

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

**Finding Number 2004-01**

Ohio Revised Code Section 5705.38 provides that the Township shall adopt at least a temporary appropriation resolution on or about the first day of each year. In addition, Ohio Revised Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue.

The Township's 2003 appropriation measure was filed February 3, 2003. In addition, appropriations exceeded estimated resources in the General Fund by \$58,134, the Fire District Fund by \$6,115, the Road and Bridge Fund by \$111,577 and the Capital Projects Fund by \$1,499,642 for the year ended December 31, 2003. The Certificate of Estimated Resources was not amended to reflect the \$1,600,000 bond issue in the Capital Projects Fund.

**Finding Number 2004-02**

Ohio Revised Code Section 5705.28 requires the adoption of an annual tax budget by July 15 for the next succeeding tax year. Although the county budget commission may waive the adoption of a tax budget, certain information must be submitted in the time prescribed by the commission to permit the commission to perform its duties under Section 5705.

The Township's budget information for the succeeding tax year was submitted October 4, 2002 for 2003 and November 7, 2003 for 2004. Although the tax budget requirement was waived by the county budget commission for both of these years, the required substitute information was due on September 1, 2002 and August 15, 2003, respectively.

**Finding Number 2004-03**

Ohio Revised Code Section 5705.34 requires the Township to pass a resolution to authorize the necessary tax levies and certify the levies to the County Auditor by October 1 for the next succeeding tax year.

The Township's Certification of Tax Levies for the succeeding tax year was submitted on November 16, 2002 for 2003 and was not submitted for 2004.

**Finding Number 2004-04**

Ohio Revised Code Section 5705.36 requires the fiscal officer to certify the total amount from all sources that is available for expenditures from each fund in the tax budget, along with any unencumbered balances that existed at the end of the preceding year to the County Auditor on or about the first day of each tax year.

The Township's Certification of Available Revenue was submitted on April 30, 2003 for 2003 and was not submitted for 2004.

Scioto Township  
Delaware County, Ohio  
Schedule of Findings  
December 31, 2004 and 2003

**Finding Number 2004-05**

The Township expended \$17,849 from the Permissive Motor Vehicle License Tax Fund for mosquito fogging, a mower for the park, cemetery and township hall and paid part of an invoice for the plumbing contract for the new facility in 2003. Permissive Motor Vehicle License Tax funds are restricted to expenditures related to the maintenance and construction of Township roads and the purchase of road equipment. These expenditures were reclassified and are reflected in the Capital Project Fund and General Fund in the audited financial statements. When the expenditures for the new facility were reclassified to the Capital Projects Fund, expenditures for that fund exceeded appropriations by \$9,585 for 2003.

**Finding Number 2004-06**

Ohio Revised Code Section 5705.10 states that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made and that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such a purpose. Failure to properly post revenue can result in inaccurate records and cause the Township to misappropriate funds. We noted the following misclassifications of revenue during audit testing:

Rollback and homestead exemption remittances from the State of Ohio were recorded to the General Fund only for 2003 and 2004. Portions of these receipts were reclassified according to information on the County Auditor's Statement of Semi-Annual Apportionment of Taxes to the Debt Service, Road and Bridge and Fire Levy Funds, respectively, and are reflected as intergovernmental receipts in these funds in the audited financial statements.

Permissive Motor Vehicle Tax receipts were recorded to the Motor Vehicle License Tax Fund for 2003 and 2004. Because the audited financial statements report totals for Special Revenue Funds, which includes both of these funds, and because the purposes of and expenditures from these funds are the same, no reclassification entries have been made. The Clerk should contact the County Auditor's office for assistance in determining the amount of Permissive tax for each year, and should then transfer these receipts to the Permissive Motor Vehicle License Tax Fund.

**Finding Number 2004-07**

The Township posted one-sided fund balance adjustments to the Uniform Accounting Network (UAN) system while reconciling the system to the bank accounts. One such entry for \$214,291 in 2003 was an addition to the Capital Projects Fund. This entry appeared to be a duplication of balances that were already included in the system, and upon reversal created a negative fund cash balance in the Capital Projects Fund. Entries in 2004 appeared to be posting current year activity that had not been previously posted. These transactions should have been posted as regular receipt or disbursement transactions. The one-sided adjustments should only be made in extreme circumstances with the guidance of UAN staff.

Scioto Township  
Delaware County, Ohio  
Schedule of Findings  
December 31, 2004 and 2003

**Finding Number 2004-08**

Ohio Revised Code Section 507.09 sets forth compensation levels for Township Clerks based upon the Township's budget. The budget, as used for purposes of determining the authorized compensation of the Clerk, is based upon the official Certificate of Estimated Resources, and any amended official certificate, received from the County Budget Commission.

The Township's budget for 2003, as filed with the County Budget Commission, was within the \$1,500,001 to \$3,500,000 range. In this range, the Clerk position was entitled to \$17,588 of compensation for 2003. Compensation paid to the two Township Clerks that held office in 2003 totaled \$18,571, an overpayment of \$983.

As noted in Finding 2004-01, the Certificate of Estimated Resources was not amended to reflect the \$1,600,000 bond issue in the Capital Projects Fund.



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**SCIOTO TOWNSHIP**

**DELAWARE 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  
MARCH 21, 2006**