

SCOTT TOWNSHIP
MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
Scott Township
2391 Morral-Kirkpatrick Road East
Marion, Ohio 43302

We have reviewed the *Independent Auditors' Report* of Scott Township, Marion County, prepared by Holbrook & Manter, for the audit period January 1, 2007 through December 31, 2008. 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. Scott Township is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

October 12, 2009

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Scott Township
Marion County

We have audited the accompanying financial statements of Scott Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township 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.

Instead of the combined funds the accompanying financial statements present for 2008 and 2007, GAAP requires presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Township does not follow GAAP, generally accepted auditing standards requires 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 follow GAAP statement formatting requirements. 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 years ended December 31, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Scott Township, Marion County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 August 27, 2009 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. 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*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

August 27, 2009

**SCOTT TOWNSHIP
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Funds</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:-			
Local taxes	\$ 23,793	\$ 0	\$ 23,793
Intergovernmental	26,632	94,537	121,169
Interest	6,215	171	6,386
Miscellaneous	<u>197</u>	<u>0</u>	<u>197</u>
Total cash receipts	56,837	94,708	151,545
Cash disbursements:-			
Current:-			
General government	30,344	0	30,344
Public health services	4,611	0	4,611
Public works	<u>4,036</u>	<u>92,459</u>	<u>96,495</u>
Total cash disbursements	<u>38,991</u>	<u>92,459</u>	<u>131,450</u>
Total receipts over (under) cash disbursements	17,846	2,249	20,095
Fund cash balances, January 1, 2008	<u>8,636</u>	<u>249,474</u>	<u>258,110</u>
Fund cash balances, December 31, 2008	<u>\$ 26,482</u>	<u>\$ 251,723</u>	<u>\$ 278,205</u>

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

**SCOTT TOWNSHIP
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Funds</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:-			
Local taxes	\$ 21,210	\$ 0	\$ 21,210
Intergovernmental	9,455	88,490	97,945
Interest	11,781	381	12,162
Miscellaneous	1,438	12	1,450
Total cash receipts	<u>43,884</u>	<u>88,883</u>	<u>132,767</u>
Cash disbursements:-			
Current:-			
General government	33,186	0	33,186
Public health services	4,969	0	4,969
Public works	3,014	91,122	94,136
Total cash disbursements	<u>41,169</u>	<u>91,122</u>	<u>132,291</u>
Total receipts over (under) cash disbursements	2,715	(2,239)	476
Fund cash balances, January 1, 2007	<u>5,921</u>	<u>251,713</u>	<u>257,634</u>
Fund cash balances, December 31, 2007	<u>\$ 8,636</u>	<u>\$ 249,474</u>	<u>\$ 258,110</u>

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

SCOTT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - Scott Township, Marion 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 three publicly - elected Trustees. The Township provides road and bridge maintenance and cemetery maintenance.

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, 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.

Cash and Investments - Investments are recorded 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.

The investment in Star Ohio (the State Treasurer's investment pool) is valued at amounts by the State Treasurer.

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

General Fund

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

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:

Motor Vehicle Licenses Tax Fund

This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

Gasoline Tax Fund

This fund receives gasoline tax money for constructing, maintaining, and repairing township roads.

**SCOTT TOWNSHIP
MARION COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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

Appropriations

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

Encumbrances

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

A summary of 2008 and 2007 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.

NOTE 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>2008</u>		<u>2007</u>
Demand deposits	\$	65,129	\$	50,355
STAR Ohio		<u>213,076</u>		<u>207,755</u>
Total deposits	\$	<u>278,205</u>	\$	<u>258,110</u>

Deposits - The Townships deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

Investments - Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

SCOTT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2008 was as follows:-

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 57,038	\$ 56,837	\$ (201)
Special Revenue	<u>83,090</u>	<u>94,708</u>	<u>11,618</u>
Total	\$ <u><u>140,128</u></u>	\$ <u><u>151,545</u></u>	\$ <u><u>11,417</u></u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 51,174	\$ 38,991	\$ 12,183
Special Revenue	<u>332,564</u>	<u>92,459</u>	<u>240,105</u>
Total	\$ <u><u>383,738</u></u>	\$ <u><u>131,450</u></u>	\$ <u><u>252,288</u></u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2008 in the General Fund by \$201.

SCOTT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 3 - BUDGETARY ACTIVITY:- (continued)

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 36,254	\$ 43,884	\$ 7,630
Special Revenue	<u>87,222</u>	<u>88,883</u>	<u>1,661</u>
Total	\$ <u><u>123,476</u></u>	\$ <u><u>132,767</u></u>	\$ <u><u>9,291</u></u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 42,175	\$ 41,169	\$ 1,006
Special Revenue	<u>338,935</u>	<u>91,122</u>	<u>247,813</u>
Total	\$ <u><u>381,110</u></u>	\$ <u><u>132,291</u></u>	\$ <u><u>248,819</u></u>

SCOTT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 4 - PROPERTY TAX:-

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

The tangible personal property tax is being phased out over the next year.

NOTE 5 - RETIREMENT SYSTEMS:-

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employee plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, PERS members contributed 10.0% and 9.5% of their gross salaries, respectively. The Township contributed an amount equal to 14.0% and 13.85% of participants' gross salaries for 2008 and 2007, respectively. The Township has paid all contributions required through December 31, 2008.

NOTE 6 - RISK POOL 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

SCOTT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 6 - RISK POOL MANAGEMENT:- (continued)

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

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, 2007 and 2006:

	2007	2006
<u>Casualty Coverage</u>		
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained earnings	\$ 29,852,866	\$ 29,921,614

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$1,345. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

SCOTT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 6 - RISK POOL MANAGEMENT:- (continued)

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

Contributions to OTARMA		
2006	\$	1,808
2007		1,452
2008		1,431

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



**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Required by *Government Auditing Standards***

Board of Trustees
Scott Township
Marion County

We have audited the financial statements of Scott Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 27, 2009, wherein we noted the Township had 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings as item 2008-002 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weakness, as defined above.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated August 27, 2009.

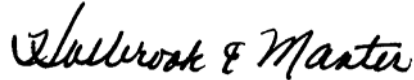
Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described on the accompanying schedule of Findings as item 2008-001.

We also noted certain instances of non-compliance that we reported to the Township's management in a separate letter dated August 27, 2009.

The Scott Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Certified Public Accountants

August 27, 2009

SCOTT TOWNSHIP
MARION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

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

Finding Number	2008-001
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Noncompliance Citation – Certification of Expenditures

Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Furthermore, contracts and orders for expenditures lacking prior certification should be null and void unless, for expenditures less than \$3,000, the board of Trustees obtains from the fiscal officer a certificate stating that there was at the time of the making of the contracts or orders a sufficient sum appropriated. The board, by resolution, then may authorize the issuance of a warrant for the payments of the amount due.

Of the 81 expenditures tested for 2007 & 2008, 48 instances were noted where the purchase order (PO) certification date was after the invoice date. This could result in encumbrances and expenditures in excess of appropriations, contrary to Ohio Revised Code. We recommend that the Township Clerk certify that sufficient funds are available prior to ordering goods and services.

Officials' Response

The Township is aware of the above issue and the fiscal officer is revising the current procedures of completing the purchase orders for all expenditures at one time prior to the monthly meetings.

Finding Number	2008-002
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Significant Deficiency – Internal Control and Review Procedures

Although the Trustees receive and review a select number of reports from the Fiscal Officer of the Township for approval on a monthly basis, the Township has not established formal procedures to reasonably assure completeness, and accuracy of the monthly reporting. During our testing and analysis, we noted that they are not reviewing the cancelled checks or electronic fund withdraws for proper inclusion of authorized expenditures.

The Township should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the officials' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the officials' thoroughly reviewed and approved those documents.

Officials' Response

The Townships' Fiscal Officer will start providing all monthly canceled checks while continuing to provide the bank reconciliations and bank statements to the Trustees for their review and approval at each months meeting. The Township will also document and approve the review of those reports, cancelled checks and electronic disbursements.

**SCOTT TOWNSHIP
MARION COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	ORC 5705.41- Fiscal officer must certify the commitment of money prior to the expenditure taking place.	No	Repeated in the Schedule of Findings in the 2008 and 2007 audit report as Finding # 2008-001.
2006-002	Significant Deficiency - Internal Control and Review Procedures	No	Bank reconciliations and bank statements are now reviewed by the Trustees at each meeting however the client does not receive their canceled checks to properly review the check order sequence.



Mary Taylor, CPA
Auditor of State

SCOTT TOWNSHIP

MARION 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
NOVEMBER 5, 2009**