

Scioto Township  
Pickaway County, Ohio

Regular Audit

January 1, 2008, through December 31, 2009  
Fiscal Years Audited Under GAGAS: 2009 and 2008



**Balestra, Harr & Scherer, CPAs, Inc.**

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Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Scioto Township  
6752 State Route 762  
P. O. Box 40  
Commerical Point, Ohio 43116

We have reviewed the *Independent Auditor's Report* of Scioto Township, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Scioto Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 14, 2010

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**Pickaway County**  
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For the Years Ended December 31, 2009 and 2008

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### **Independent Auditor's Report**

Board of Trustees  
Scioto Township  
P. O. Box 40  
Commercial Point, Ohio 43116

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scioto Township, Pickaway County, (the Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 Standard*. Those standards require that we plan and perform the audits 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pickaway County, Ohio as of December 31, 2009 and 2008, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General and Major Special Revenue Funds, for the years then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on this 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Balestra, Harr & Scherer, CPAs, Inc.

June 29, 2010

**Scioto Township**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2009 and 2008*  
*Unaudited*

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This discussion and analysis of Scioto Township's (the Township's) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2009 and 2008, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

**Highlights**

Key financial highlights for 2009 and 2008 are as follows:

Net assets of governmental activities decreased \$112,660 or 6.2 percent, in 2009. Net assets of governmental activities increased \$132,462, or 7.8 percent in 2008.

The Township's general receipts are primarily property and other local taxes. These receipts represent 39.6 percent of the total cash received for governmental activities during 2009 and 34.8 percent of the total cash received for governmental activities during 2008.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Scioto Township**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2009 and 2008*  
*Unaudited*

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2009 and 2008, within the limitations of cash basis of accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as taxes and intergovernmental monies.

In the statement of net assets and the statement of activities, the Township reports only one type of activity:

Governmental activities. All of the Township's basic services are reported here. State grants and property and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Scioto Township**  
*Management's Discussion and Analysis*  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental funds.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2009 and 2008 the Township's major governmental funds are the General, Road and Bridge, Fire and Emergency Funds, and the OPWC Fund (major only in 2009). The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008 and 2008 compared to 2007 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities				
	2009	2008	Difference	2007	Difference
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,715,615	\$ 1,828,275	\$ (112,660)	\$ 1,695,813	\$ 132,462
Total Assets	<u>\$ 1,715,615</u>	<u>\$ 1,828,275</u>	<u>\$ (112,660)</u>	<u>\$ 1,695,813</u>	<u>\$ 132,462</u>
<b>Net Assets</b>					
Restricted	\$ 1,118,867	\$ 1,082,177	\$ 36,690	\$ 885,956	\$ 196,221
Unrestricted	596,748	746,098	(149,350)	809,857	(63,759)
Total Net Assets	<u>\$ 1,715,615</u>	<u>\$ 1,828,275</u>	<u>\$ (112,660)</u>	<u>\$ 1,695,813</u>	<u>\$ 132,462</u>

As mentioned previously, net assets of governmental activities decreased \$112,660 or 6.2 percent during 2009. Receipts decreased \$229,957, while disbursements increased \$15,165.

Net assets of governmental activities increased \$132,462 or 7.8 percent during 2008. Receipts and disbursements increased \$269,029 and \$271,801, respectively.

**Scioto Township**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2009 and 2008*  
*Unaudited*

Table 2 reflects the changes in net assets in 2009 as compared to 2008 and 2008 as compared to 2007.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2009	Governmental Activities 2008	Difference	Governmental Activities 2007	Difference
Receipts:					
Program Receipts:					
Charges for Services	\$ 822,454	\$ 789,892	\$ 32,562	\$ 759,950	\$ 29,942
Operating Grants and Contributions	154,875	247,449	(92,574)	208,866	38,583
Capital Grants and Contributions	297,452	-	297,452	113,632	(113,632)
Total Program Receipts	<u>1,274,781</u>	<u>1,037,341</u>	<u>237,440</u>	<u>1,082,448</u>	<u>(45,107)</u>
General Receipts:					
Property and Other Local Taxes	958,898	924,253	34,645	907,847	16,406
Grants and Entitlements Not Restricted to Specific Programs	153,447	237,902	(84,455)	137,596	100,306
Proceeds from Tax Anticipation Notes	-	365,000	(365,000)	150,000	215,000
Proceeds from Sale of Assets	-	-	-	3,751	(3,751)
Interest	6,666	45,377	(38,711)	78,726	(33,349)
Miscellaneous	30,140	44,016	(13,876)	24,492	19,524
Total General Receipts	<u>1,149,151</u>	<u>1,616,548</u>	<u>(467,397)</u>	<u>1,302,412</u>	<u>314,136</u>
Total Receipts	<u>2,423,932</u>	<u>2,653,889</u>	<u>(229,957)</u>	<u>2,384,860</u>	<u>269,029</u>
Disbursements:					
General Government	252,513	225,842	26,671	249,961	(24,119)
Public Safety	1,460,716	1,413,784	46,932	1,243,653	170,131
Public Works	436,536	323,238	113,298	304,167	19,071
Health	27,391	26,734	657	26,134	600
Capital Outlay	305,598	367,194	(61,596)	411,609	(44,415)
Debt Service	53,838	164,635	(110,797)	14,102	150,533
Total Disbursements	<u>2,536,592</u>	<u>2,521,427</u>	<u>15,165</u>	<u>2,249,626</u>	<u>271,801</u>
Increase / (Decrease) in Net Assets	(112,660)	132,462	(245,122)	135,234	(2,772)
Net Assets, January 1	<u>1,828,275</u>	<u>1,695,813</u>	<u>132,462</u>	<u>1,560,579</u>	<u>135,234</u>
Net Assets, December 31	<u>\$ 1,715,615</u>	<u>\$ 1,828,275</u>	<u>\$ (112,660)</u>	<u>\$ 1,695,813</u>	<u>\$ 132,462</u>

Program receipts represent 52.6 percent of total receipts in 2009 and 39.1 percent of total receipts in 2008 and are comprised of charges for services, operating grants and contributions, and capital grants and contributions. The fluctuation in Capital Grants and Contributions is due to the Township receiving monies for the OPWC program in 2009 and 2007, but not in 2008.

General receipts represent 47.4 percent of the Township's total receipts for 2009 and 60.9 percent of the Township's total receipts for 2008, and of this amount, 83.4 percent are property and other local taxes in 2009 and 57.2 percent are property and other local taxes in 2008. Grants and entitlements not restricted to specific programs and proceeds from tax anticipation notes represent 13.4 percent and 37.3 percent of the Township's general receipts, respectively in 2009 and 2008. The decrease in 2009 is due to no tax anticipation notes being issued during the year. The increase from 2007 to 2008 is due to additional tax anticipation notes being issued during 2008 as compared to 2007. Interest receipts have decreased yearly from 2007 to 2009 due to decreases in interest rates and cash on hand. Other receipts are insignificant and somewhat unpredictable revenue sources.

**Scioto Township**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2009 and 2008*  
*Unaudited*

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Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board, and the Clerk, Fire, EMS, as well as internal services such as payroll and purchasing.

Public Safety is the cost of fire protection and EMS; Public Works is the cost of maintaining and repairing roads and similar items; Health is for health services provided to the Township; Capital Outlay represents the cost of purchases of equipment and other assets.

Disbursements for public safety increased \$170,131 from 2007 to 2008 primarily due to an increase in grant monies received for the fire and emergency program. Disbursements for public works increased \$113,298 from 2008 to 2009 due to an increase in road work projects. Disbursements for debt service increased in 2008 due to payment in full of tax anticipation notes.

**Governmental Activities**

If you look at the Statement of Activities on pages 11 and 19, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. In 2009, the major program disbursements for governmental activities are for public safety, public works and capital outlay, which account for 57.6, 17.2 and 12.0 percent of all governmental disbursements, respectively. In 2008, the major program disbursements for governmental activities are for public safety, public works, and capital outlay which account for 56.1, 12.8 and 14.6 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Cash Receipts identifies amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money mainly provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
**Governmental Activities**

	Total Cost Of Services 2009	Net Cost/ (Revenue) of Services 2009	Total Cost of Services 2008	Net Cost/ (Revenue) of Services 2008
General Government	\$ 252,513	\$ 230,800	\$ 225,842	\$ 199,845
Public Safety	1,460,716	667,582	1,413,784	562,769
Public Works	436,536	282,961	323,238	170,839
Health	27,391	18,484	26,734	18,804
Capital Outlay	305,598	8,146	367,194	367,194
Debt Service	53,838	53,838	164,635	164,635
<b>Total Expenses</b>	<b>\$ 2,536,592</b>	<b>\$ 1,261,811</b>	<b>\$ 2,521,427</b>	<b>\$ 1,484,086</b>

**Scioto Township**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2009 and 2008*  
*Unaudited*

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**The Township's Funds**

Total governmental funds had total receipts of \$2,423,932 and disbursements of \$2,536,592 in 2009 and receipts and other financing sources of \$2,653,889 and disbursements of \$2,521,427 in 2008. The greatest change within governmental funds occurred within the General Fund in 2009 and the Fire and Emergency Fund 2008. In 2009, the fund balance of the General fund decreased \$149,350 primarily as the result of decreased intergovernmental revenue and earnings on investments. The fund balance of the Road and Bridge fund decreased by \$102,929 in 2009 primarily due to an excess of cash disbursements over cash receipts. The fund balance of the Fire and Emergency fund increased \$108,384 in 2009 primarily due to a decrease in capital outlay disbursements. There was no change in fund balance for the OPWC fund during 2009.

The fund balance of the General fund decreased by \$63,759 in 2008 primarily as a result of increased debt service payments. The fund balance of the Road and Bridge fund increased \$70,578 in 2008 due to an increase in intergovernmental revenue. The fund balance of the Fire and Emergency fund increased \$110,074 in 2008 primarily due to an increase in tax anticipation notes issued, which was partially offset by an increase in capital outlay disbursements.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Township did not amend their General Fund budget in 2009; however, during the course of calendar year 2008 the Township amended its budget. The Township uses fund budgeting and the budgeting systems are designed to tightly control the total funds' budget.

For 2009, General fund budget basis actual receipts were \$183,820, which was consistent with the original and final budget basis amounts. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2009 were \$333,170, \$149,350 over cash receipts. Final budget actual cash disbursements for general government, principal retirement and interest and fiscal charges were higher than original and final budgeted disbursements due to higher costs than originally anticipated.

For 2008, General fund budget basis actual receipts were \$310,627. Final budget cash receipts increased of \$86,389 from the original budget primarily due to an expected increase in receipts attributable to intergovernmental revenue. However, actual intergovernmental cash receipts were \$127,895, \$20,329 over the final budget. Actual cash disbursements were higher than original and final budgeted amounts due mainly to an increase in principal retirement and interest and fiscal changes which were partially offset by lower general government and capital outlay disbursements.

**Debt**

At December 31, 2009 and 2008, the Township had debt outstanding of \$328,500 and \$365,000. For additional information on debt, see Note 8 to the basic financial statements.

**Scioto Township**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2009 and 2008*  
*Unaudited*

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**Current Financial Related Activities**

Scioto Township is strong financially. As the preceding information shows, the Township heavily depends on its taxpayers. However, financially the future is not without challenges.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Vickie Fleming, Clerk/Treasurer, Scioto Township, P.O. Box 40, Commercial Point, OH 43116 or by phone at (740) 983-6198.

**Scioto Township**  
*Statement of Net Assets - Cash Basis*  
*As of December 31, 2009*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,715,615
<i>Total Assets</i>	\$ 1,715,615
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 80,819
Road and Bridge	207,164
Fire and Emergency	546,603
Other Purposes	284,281
Unrestricted	596,748
<i>Total Net Assets</i>	\$ 1,715,615

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2009*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 252,513	\$ 21,713	\$ -	\$ -	\$ (230,800)
Public Safety	1,460,716	781,634	11,500	-	(667,582)
Public Works	436,536	10,200	143,375	-	(282,961)
Health	27,391	8,907	-	-	(18,484)
Capital Outlay	305,598	-	-	297,452	(8,146)
Debt Service:					
Principal	36,500	-	-	-	(36,500)
Interest	17,338	-	-	-	(17,338)
<i>Total Governmental Activities</i>	<u>\$ 2,536,592</u>	<u>\$ 822,454</u>	<u>\$ 154,875</u>	<u>\$ 297,452</u>	<u>\$ (1,261,811)</u>
<b>General Receipts</b>					
Property Taxes Levied for:					
General Purposes					116,146
Other Purposes					842,752
Grants and Entitlements not Restricted to Specific Programs					153,447
Interest					6,666
Miscellaneous					30,140
<i>Total General Receipts</i>					<u>1,149,151</u>
<i>Change in Net Assets</i>					(112,660)
<i>Net Assets - Beginning of Year</i>					<u>1,828,275</u>
<i>Net Assets - End of Year</i>					<u>\$ 1,715,615</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2009*

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	OPWC Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 596,748	\$ 207,164	\$ 546,603	\$ -	\$ 365,100	\$ 1,715,615
<i>Total Assets</i>	<u>\$ 596,748</u>	<u>\$ 207,164</u>	<u>\$ 546,603</u>	<u>\$ -</u>	<u>\$ 365,100</u>	<u>\$ 1,715,615</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 596,748	\$ -	\$ -	\$ -	\$ -	\$ 596,748
Special Revenue Funds	-	207,164	546,603	-	284,281	1,038,048
Capital Projects Funds	-	-	-	-	80,819	80,819
<i>Total Fund Balances</i>	<u>\$ 596,748</u>	<u>\$ 207,164</u>	<u>\$ 546,603</u>	<u>\$ -</u>	<u>\$ 365,100</u>	<u>\$ 1,715,615</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	OPWC Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 116,146	177,323	665,429	\$ -	\$ -	\$ 958,898
Charges for Services	-	-	781,634	-	-	781,634
Intergovernmental	37,900	22,264	104,783	297,452	143,375	605,774
Licenses, Permits and Fees	21,713	-	-	-	19,107	40,820
Interest	6,018	-	-	-	648	6,666
Other	2,043	3,316	18,157	-	6,624	30,140
<i>Total Receipts</i>	<u>183,820</u>	<u>202,903</u>	<u>1,570,003</u>	<u>297,452</u>	<u>169,754</u>	<u>2,423,932</u>
<b>Disbursements</b>						
Current:						
General Government	252,513	-	-	-	-	252,513
Public Safety	-	-	1,460,716	-	-	1,460,716
Public Works	-	305,832	-	-	130,704	436,536
Health	19,931	-	-	-	7,460	27,391
Capital Outlay	6,888	-	903	297,452	355	305,598
Debt Service:						
Principal Retirement	36,500	-	-	-	-	36,500
Interest and Fiscal Charges	17,338	-	-	-	-	17,338
<i>Total Disbursements</i>	<u>333,170</u>	<u>305,832</u>	<u>1,461,619</u>	<u>297,452</u>	<u>138,519</u>	<u>2,536,592</u>
<i>Net Change in Fund Balances</i>	(149,350)	(102,929)	108,384	-	31,235	(112,660)
<i>Fund Balances - Beginning of Year</i>	<u>746,098</u>	<u>310,093</u>	<u>438,219</u>	<u>-</u>	<u>333,865</u>	<u>1,828,275</u>
<i>Fund Balances - End of Year</i>	<u>\$ 596,748</u>	<u>\$ 207,164</u>	<u>\$ 546,603</u>	<u>\$ -</u>	<u>\$ 365,100</u>	<u>\$ 1,715,615</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budgetary Basis*  
*General Fund*  
*For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 110,000	\$ 110,000	\$ 116,146	\$ 6,146
Intergovernmental	41,015	41,015	37,900	(3,115)
Licenses, Permits and Fees	23,498	23,498	21,713	(1,785)
Interest	6,513	6,513	6,018	(495)
Other	2,211	2,211	2,043	(168)
<i>Total Receipts</i>	183,237	183,237	183,820	583
<b>Disbursements</b>				
Current:				
General Government	220,300	220,300	252,513	(32,213)
Health	58,000	58,000	19,931	38,069
Capital Outlay	11,500	11,500	6,888	4,612
Debt Service:				
Principal Retirement	-	-	36,500	(36,500)
Interest and Fiscal Charges	-	-	17,338	(17,338)
<i>Total Disbursements</i>	289,800	289,800	333,170	(43,370)
<i>Net Change in Fund Balance</i>	(106,563)	(106,563)	(149,350)	(42,787)
<i>Fund Balance Beginning of Year</i>	746,098	746,098	746,098	-
<i>Fund Balance End of Year</i>	\$ 639,535	\$ 639,535	\$ 596,748	\$ (42,787)

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budgetary Basis  
 Road and Bridge Fund  
 For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 171,000	\$ 197,752	\$ 177,323	\$ (20,429)
Intergovernmental	4,482	4,482	22,264	17,782
Other	668	668	3,316	2,648
<i>Total Receipts</i>	<u>176,150</u>	<u>202,902</u>	<u>202,903</u>	<u>1</u>
<b>Disbursements</b>				
Current:				
Public Works	242,717	242,717	305,832	(63,115)
Capital Outlay	4,000	4,000	-	4,000
<i>Total Disbursements</i>	<u>246,717</u>	<u>246,717</u>	<u>305,832</u>	<u>(59,115)</u>
<i>Net Change in Fund Balance</i>	(70,567)	(43,815)	(102,929)	(59,114)
<i>Fund Balance Beginning of Year</i>	<u>310,093</u>	<u>310,093</u>	<u>310,093</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 239,526</u>	<u>\$ 266,278</u>	<u>\$ 207,164</u>	<u>\$ (59,114)</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budgetary Basis  
Fire and Emergency Fund  
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 658,000	\$ 658,000	\$ 665,429	\$ 7,429
Charges for Services	710,377	710,377	781,634	71,257
Intergovernmental	95,230	95,230	104,783	9,553
Other	<u>16,502</u>	<u>16,502</u>	<u>18,157</u>	<u>1,655</u>
<i>Total Receipts</i>	<u>1,480,109</u>	<u>1,480,109</u>	<u>1,570,003</u>	<u>89,894</u>
<b>Disbursements</b>				
Current:				
Public Safety	1,413,200	1,413,200	1,460,716	(47,516)
Capital Outlay	30,000	30,000	903	29,097
Debt Service:				
Principal Retirement	36,500	36,500	-	36,500
Interest and Fiscal Charges	<u>17,338</u>	<u>17,338</u>	<u>-</u>	<u>17,338</u>
<i>Total Disbursements</i>	<u>1,497,038</u>	<u>1,497,038</u>	<u>1,461,619</u>	<u>35,419</u>
<i>Net Change in Fund Balance</i>	(16,929)	(16,929)	108,384	125,313
<i>Fund Balance Beginning of Year</i>	<u>438,219</u>	<u>438,219</u>	<u>438,219</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 421,290</u>	<u>\$ 421,290</u>	<u>\$ 546,603</u>	<u>\$ 125,313</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Fiduciary Assets and Net Assets*  
*Agency Fund*  
*As of December 31, 2009*

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	<u><b>Agency Fund</b></u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 7,000</u>
NET ASSETS:	
Unrestricted	<u>\$ 7,000</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Net Assets - Cash Basis*  
*As of December 31, 2008*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,828,275
<i>Total Assets</i>	\$ 1,828,275
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 70,619
Road and Bridge	310,093
Fire and Emergency	438,219
Other Purposes	263,246
Unrestricted	746,098
<i>Total Net Assets</i>	\$ 1,828,275

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2008*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 225,842	\$ 25,997	\$ -	\$ (199,845)
Public Safety	1,413,784	749,365	101,650	(562,769)
Public Works	323,238	6,600	145,799	(170,839)
Health	26,734	7,930	-	(18,804)
Capital Outlay	367,194	-	-	(367,194)
Debt Service:				
Principal	160,000	-	-	(160,000)
Interest	4,635	-	-	(4,635)
<i>Total Governmental Activities</i>	<u>\$ 2,521,427</u>	<u>\$ 789,892</u>	<u>\$ 247,449</u>	<u>\$ (1,484,086)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				112,878
Other Purposes				811,375
Grants and Entitlements not Restricted to Specific Programs				237,902
Tax Anticipation Notes Issued				365,000
Interest				45,377
Miscellaneous				44,016
<i>Total General Receipts</i>				<u>1,616,548</u>
Change in Net Assets				132,462
<i>Net Assets - Beginning of Year</i>				<u>1,695,813</u>
<i>Net Assets - End of Year</i>				<u>\$ 1,828,275</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2008*

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 746,098	\$ 310,093	\$ 438,219	\$ 333,865	\$ 1,828,275
<i>Total Assets</i>	<u>\$ 746,098</u>	<u>\$ 310,093</u>	<u>\$ 438,219</u>	<u>\$ 333,865</u>	<u>\$ 1,828,275</u>
<b>Fund Balances</b>					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 746,098	\$ -	\$ -	\$ -	\$ 746,098
Special Revenue Funds	-	310,093	438,219	263,246	1,011,558
Capital Projects Funds	-	-	-	70,619	70,619
<i>Total Fund Balances</i>	<u>\$ 746,098</u>	<u>\$ 310,093</u>	<u>\$ 438,219</u>	<u>\$ 333,865</u>	<u>\$ 1,828,275</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2008

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 112,878	\$ 172,427	\$ 638,948	\$ -	\$ 924,253
Charges for Services	-	-	749,365	-	749,365
Intergovernmental	127,895	54,883	156,774	145,799	485,351
Licenses, Permits and Fees	25,997	-	-	14,530	40,527
Interest	40,961	-	-	4,416	45,377
Other	2,896	14,047	17,372	9,701	44,016
<i>Total Receipts</i>	<u>310,627</u>	<u>241,357</u>	<u>1,562,459</u>	<u>174,446</u>	<u>2,288,889</u>
<b>Disbursements</b>					
Current:					
General Government	225,842	-	-	-	225,842
Public Safety	-	-	1,413,784	-	1,413,784
Public Works	-	170,779	-	152,459	323,238
Health	20,316	-	-	6,418	26,734
Capital Outlay	4,446	-	362,748	-	367,194
Debt Service:					
Principal Retirement	122,500	-	37,500	-	160,000
Interest and Fiscal Charges	1,282	-	3,353	-	4,635
<i>Total Disbursements</i>	<u>374,386</u>	<u>170,779</u>	<u>1,817,385</u>	<u>158,877</u>	<u>2,521,427</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(63,759)</u>	<u>70,578</u>	<u>(254,926)</u>	<u>15,569</u>	<u>(232,538)</u>
<b>Other Financing Sources</b>					
Tax Anticipation Notes Issued	-	-	365,000	-	365,000
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>365,000</u>	<u>-</u>	<u>365,000</u>
<i>Net Change in Fund Balances</i>	(63,759)	70,578	110,074	15,569	132,462
<i>Fund Balances - Beginning of Year</i>	<u>809,857</u>	<u>239,515</u>	<u>328,145</u>	<u>318,296</u>	<u>1,695,813</u>
<i>Fund Balances - End of Year</i>	<u>\$ 746,098</u>	<u>\$ 310,093</u>	<u>\$ 438,219</u>	<u>\$ 333,865</u>	<u>\$ 1,828,275</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budgetary Basis*  
*General Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 105,000	\$ 105,000	\$ 112,878	\$ 7,878
Intergovernmental	51,694	107,566	127,895	20,329
Licenses, Permits and Fees	10,508	21,865	25,997	4,132
Interest	16,556	34,450	40,961	6,511
Other	1,170	2,436	2,896	460
<i>Total Receipts</i>	<u>184,928</u>	<u>271,317</u>	<u>310,627</u>	<u>39,310</u>
<b>Disbursements</b>				
Current:				
General Government	248,554	248,554	225,842	22,712
Health	28,850	28,850	20,316	8,534
Capital Outlay	26,000	26,000	4,446	21,554
Debt Service:				
Principal Retirement	10,000	10,000	122,500	(112,500)
Interest and Fiscal Charges	375	375	1,282	(907)
<i>Total Disbursements</i>	<u>313,779</u>	<u>313,779</u>	<u>374,386</u>	<u>(60,607)</u>
<i>Net Change in Fund Balance</i>	(128,851)	(42,462)	(63,759)	(21,297)
<i>Fund Balance Beginning of Year</i>	<u>809,857</u>	<u>809,857</u>	<u>809,857</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 681,006</u>	<u>\$ 767,395</u>	<u>\$ 746,098</u>	<u>\$ (21,297)</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budgetary Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 155,000	\$ 155,000	\$ 172,427	\$ 17,427
Intergovernmental	4,100	4,100	54,883	50,783
Other	1,050	1,050	14,047	12,997
<i>Total Receipts</i>	<u>160,150</u>	<u>160,150</u>	<u>241,357</u>	<u>81,207</u>
<b>Disbursements</b>				
Current:				
Public Works	344,728	344,728	170,779	173,949
Capital Outlay	7,500	7,500	-	7,500
<i>Total Disbursements</i>	<u>352,228</u>	<u>352,228</u>	<u>170,779</u>	<u>181,449</u>
<i>Net Change in Fund Balance</i>	(192,078)	(192,078)	70,578	262,656
<i>Fund Balance Beginning of Year</i>	<u>239,515</u>	<u>239,515</u>	<u>239,515</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 47,437</u>	<u>\$ 47,437</u>	<u>\$ 310,093</u>	<u>\$ 262,656</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budgetary Basis  
Fire and Emergency Fund  
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 650,000	\$ 650,000	\$ 638,948	\$ (11,052)
Charges for Services	630,078	638,336	749,365	111,029
Intergovernmental	131,818	209,907	156,774	(53,133)
Other	14,607	23,260	17,372	(5,888)
<i>Total Receipts</i>	<u>1,426,503</u>	<u>1,521,503</u>	<u>1,562,459</u>	<u>40,956</u>
<b>Disbursements</b>				
Current:				
Public Safety	1,315,696	1,315,696	1,413,784	(98,088)
Capital Outlay	60,000	60,000	362,748	(302,748)
Debt Service:				
Principal Retirement	37,500	37,500	37,500	-
Interest and Fiscal Charges	7,000	7,000	3,353	3,647
<i>Total Disbursements</i>	<u>1,420,196</u>	<u>1,420,196</u>	<u>1,817,385</u>	<u>(397,189)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,307</u>	<u>101,307</u>	<u>(254,926)</u>	<u>(356,233)</u>
<b>Other Financing Sources</b>				
Tax Anticipation Notes Issued	-	365,000	365,000	-
<i>Total Other Financing Sources</i>	<u>-</u>	<u>365,000</u>	<u>365,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	6,307	466,307	110,074	(356,233)
<i>Fund Balance Beginning of Year</i>	<u>328,145</u>	<u>328,145</u>	<u>328,145</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 334,452</u>	<u>\$ 794,452</u>	<u>\$ 438,219</u>	<u>\$ (356,233)</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 1 – Reporting Entity**

Scioto Township, Pickaway County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, including road maintenance and repair, fire protection and emergency medical services.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township had no component units.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied only to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

Government-Wide Financial Statements (Continued)

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Road and Bridge Fund, Fire and Emergency Fund, and the OPWC Fund (2009 only).

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Road and Bridge Fund receives property tax and local government funding to provide for the construction, maintenance and repairing of Township roads and bridges.

The Fire and Emergency Fund accumulates tax levy and charges for services receipts for the provision of fire protection services to the Township and contracting governments.

The OPWC Fund accounts for receipts received from the Ohio Public Works Commission and the disbursements made for capital projects. The OPWC fund was not a major fund in 2008.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fiduciary Funds**

Fiduciary funds focus on net assets and changes in net assets. There are four categories of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are not available to support the Township's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The Township's only fiduciary fund is an agency fund, which is used to account for contractor's deposits.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 was \$6,018 and \$648 assigned to other Township funds. Interest receipts credited to the General Fund during 2008 was \$40,961 and \$4,416 assigned to other Township funds.

**F. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Accumulated Leave**

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

**J. Long-Term Obligations**

The Township’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants.

The Township’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. Of the Township’s \$1,118,867 restricted net assets at December 31, 2009 and \$1,082,177 restricted net assets at December 31, 2008, none were restricted by enabling legislation.

**L. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. There were no fund balance reserves as of December 31, 2009 or 2008.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 3 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. .

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the Township lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the Township's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the Township's total average portfolio.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Township by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 3 - Deposits and Investments (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township, or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Township's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

As of December 31, 2009 and 2008, the Township's bank balances of \$499,833 and \$274,928, respectively, were either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above.

Investments

At December 31, 2009 and 2008, the Township had the following investments:

	Fair Value December 31, 2009	Fair Value December 31, 2008	Weighted Average Maturity (Yrs.)
STAR Ohio	\$1,605,141	\$1,632,018	0

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have an investment policy.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. All of the Township's investments are held in STAR Ohio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Township's investment in STAR Ohio was rated AAAM by Standard and Poor's.

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. The Township's investments in STAR Ohio are held in the name of the Township.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 4 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property is currently assessed at 6.25 percent of true value for tax year 2008 for property taxes collected in 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2009 and 2008, was \$9.8 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 and 2008 property tax receipts were based are as follows:

	<b>2009</b>	<b>2008</b>
Real Property	\$94,299,330	\$92,629,640
Public Utility Property		
Personal	2,639,480	2,658,730
Tangible Personal Property	137,780	484,443
Total Assessed Value	\$97,076,590	\$95,772,813

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 5 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2009 and 2008 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

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 \$3,000,000.

Property Coverage

Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000 Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit.

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 Township.

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available).

	<u>2008</u>	<u>2007</u>
Assets	\$ 40,737,740	\$ 43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Retained Earnings	<u>\$ 27,755,922</u>	<u>\$ 29,852,866</u>

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 6 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only with the traditional pension plan. Township employees are required to contribute 10.0% for 2009, 10.0% for 2008, and 9.5% for 2007, respectively, for members in state and local classifications and 10.1%, 10.1% and 9.75%, respectively for members in public safety and law enforcement. The Township is required to contribute 14.0% for 2009 and 2008, and 13.85% for 2007, respectively for state and local employers and 17.63%, 17.4%, and 17.17%, respectively for law enforcement and public safety employers for the years ended December 31, 2009, 2008 and 2007.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007, were \$16,987, \$15,598, and \$13,970, respectively. The full amount has been contributed for 2009, 2008 and 2007.

**Ohio Police and Fire Pension Fund**

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

For 2009, 2008 and 2007 plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The Township's contributions to OP&F for the years ending December 31, 2009, 2008, and 2007 were \$141,745, \$134,487, and \$116,866, respectively. The full amount has been contributed for 2009, 2008 and 2007.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 7 – Post-Employment Benefits**

**Ohio Public Employees Retirement System**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the TP and the CO Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 14.0%, 14.0%, and 13.85% of covered payroll for fiscal years 2009, 2008 and 2007, respectively; the portion of employer contributions allocated to health care was 7% for January 1, 2009 through March 31, 2009 and 5.5% for April 1, 2009 through December 31, 2009, 7% for 2008, 5% from January 1 through June 30, 2007 and 6% from July 1 through December 31, 2007.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0% of covered payroll and public safety and law enforcement employers contributed at 17.63%. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, the employer contributions allocated to the health care plan was 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June 2007 and 6.0% for July through December 2007. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The employer contributions that were used to fund post-employment benefits were \$7,129, \$7,799 and \$5,548 for 2009, 2008, and 2007 respectively, which equaled 100% of the required contribution amount.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 7 – Post-Employment Benefits (continued)**

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006 with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Ohio Police and Fire Pension Fund**

The Township contributes to the Ohio Police and Fire Pension fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employer Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F's post employment healthcare plan was established and is administrated as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F board of trustees. The board of trustees authorized to allocate a portion of the total employer contributions made into the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, 2008 and 2007, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F board of trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The number of participants eligible to receive health care benefits as of December 31, 2008, (the latest information available) was 10,750 for Firefighters. The Township's contributions to OP&F that were allocated to the health care plan for December 31, 2009, 2008, and 2007 were \$49,044, \$46,533, and \$32,839, respectively, which were equal to 100% of the required contributions for each year. The Fund's total health care expenses for the year ended December 31, 2008 (the latest information available) were \$96,472,398, which was net of member contributions of \$56,948,977.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2009 and 2008

**Note 8 – Debt**

A summary of the note transactions for the years ended December 31, 2009 and 2008 follows:

	Interest Rate	Balance 12/31/2008	Additions	Reductions	Balance 12/31/2009	Due Within One Year
Tax Anticipation Notes	4.75%	\$ 365,000	\$ -	\$ 36,500	\$ 328,500	\$ 36,500
<b>Total</b>		<b>\$ 365,000</b>	<b>\$ -</b>	<b>\$ 36,500</b>	<b>\$ 328,500</b>	<b>\$ 36,500</b>

  

	Interest Rate	Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008	Due Within One Year
General Obligation Note	3.75%	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ -
Tax Anticipation Notes	4.47%	150,000	-	150,000	-	-
Tax Anticipation Notes	4.75%	-	365,000	-	365,000	36,500
<b>Total</b>		<b>\$ 160,000</b>	<b>\$ 365,000</b>	<b>\$ 160,000</b>	<b>\$ 365,000</b>	<b>\$ 36,500</b>

On October 16, 2004 the Township entered into a note agreement with The Citizens Bank for \$40,000 to finance the purchase of an emergency vehicle. The note will be repaid from the Fire and Emergency Levy Fund.

On May 2, 2007 the Township issued \$150,000 of tax anticipation notes to The Citizens Bank to finance the purchase of an emergency vehicle. The tax anticipation notes were repaid from the General and Fire and Emergency Levy Funds.

On August 6, 2008 the Township entered into a note agreement with The Citizens Bank for \$365,000 to finance the purchase of a fire truck. The note will be repaid from Fire and Emergency Levy Fund.

The following is a summary of the Township's future annual debt service requirements:

Year	Tax Anticipation Notes		
	Principal	Interest	Total
2010	\$ 36,500	\$ 17,338	\$ 53,838
2011	36,500	15,604	52,104
2012	36,500	13,870	50,370
2013	36,500	12,136	48,636
2014	36,500	10,403	46,903
2015-2018	146,000	26,007	172,007
	<b>\$ 328,500</b>	<b>\$ 95,358</b>	<b>\$ 423,858</b>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2009, were an overall debt margin of \$10,193,042 and an unvoted debt margin of \$5,339,212.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 9 – Compliance**

Contrary to Ohio Revised Code Section 5705.41(B):

At December 31, 2009, the Township had disbursements plus encumbrances in excess of appropriations for the following funds:

<i>General</i>	
General Government	\$32,213
Principal Retirement	36,500
Interest and Fiscal Charges	17,338
<i>Road and Bridge</i>	
Public Works	63,115
<i>Fire and Emergency</i>	
Public Safety	47,516

At December 31, 2008, the Township had disbursements plus encumbrances in excess of appropriations for the following funds:

<i>General</i>	
Principal Retirement	112,500
Interest and Fiscal Charges	907
<i>Fire and Emergency</i>	
Public Safety	98,088
Capital Outlay	302,748

Contrary to Ohio Revised Code Section 5705.36(A)(4):

During 2008, actual resources of the Permanent Improvement Fund fell below appropriations.

**Note 10 – Contingent Liability**

The Township is not party to any legal proceedings.



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

Board of Trustees  
Scioto Township  
P. O. Box 40  
Commercial Point, Ohio 43116

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pickaway County (the Township), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 29, 2010, wherein we noted the Township used a comprehensive basis of accounting other than generally accepted accounting principles. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

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

We noted certain internal control deficiencies not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 29, 2010.

### 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 statements 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2009-001 through 2009-002.

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

We intend this report solely for the information and use of the Township's management and the Board of Trustees. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
June 29, 2010

**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009 AND 2008**

**FINDING NUMBER 2009-001**

**Material Non-Compliance**

Ohio Revised Code Section 5705.41(B) states in part that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2009, expenditures exceeded appropriations in the General Fund, Road and Bridge Fund, Fire and Emergency Fund, and the Public Works Commission Fund. In 2008, expenditures exceeded appropriations in the General Fund and in the Fire and Emergency Fund.

The Township should implement internal controls that would ensure that no money is expended unless it has been properly appropriated.

*Client Response:*

The Fiscal Officer will more closely monitor appropriations and disbursements to help ensure that expenditures do not exceed appropriations in the future.

**FINDING NUMBER 2009-002**

**Material Non-Compliance**

Ohio Revised Code Section 5705.36(A)(4) requires a subdivision to obtain a reduced amended certificate of estimated resources when it is known that the current level of appropriations will exceed actual resources. In 2008, actual resources of the Permanent Improvement Fund fell below the budgetary estimates in such a manner that the appropriations to that fund exceeded those resources.

The Township should implement internal controls that would ensure that a reduced amended certificate is obtained when actual resources fall below the current level of appropriations.

*Client Response:*

The Fiscal Officer will more closely monitor actual resources compared to budgetary estimates. When the actual resources fall below the level of appropriations, a reduced amended certificate will be obtained.





**Mary Taylor, CPA**  
Auditor of State

**SCIOTO TOWNSHIP**

**PICKAWAY 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  
SEPTEMBER 28, 2010**