

**SCIOTO TOWNSHIP
DELAWARE COUNTY
Regular Audit
For the Years Ended December 31, 2010 and 2009**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Scioto Township
3737 Ostrander Road
Ostrander, Ohio 43061

We have reviewed the *Independent Accountants' Report* of Scioto Township, Delaware County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. 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 Accountants' 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 Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA
Chief Deputy Auditor

September 1, 2011

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**SCIOTO TOWNSHIP
DELAWARE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

June 28, 2011

Scioto Township
Delaware County
3737 Ostrander Road
Ostrander, Ohio 43061

To the Board of Trustees:

We have audited the accompanying financial statements of **Scioto Township**, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State 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, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Townships 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 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, 2010 and 2009 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, 2010 and 2009, 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 and reserves for encumbrances of Scioto Township, Delaware County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 28, 2011 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent Fund	
Cash Receipts:						
Local Taxes	\$ 114,472	\$ 339,404	\$ 119,918	\$ -	\$ -	\$ 573,794
Intergovernmental	106,208	190,789	17,028	-	-	314,025
Charges for Services	250	-	-	-	-	250
Licenses, Permits, and Fees	4,328	8,588	-	-	-	12,916
Earnings on Investments	174	149	-	-	-	323
Miscellaneous	7,817	20,629	-	-	-	28,446
	233,249	559,559	136,946	-	-	929,754
Cash Disbursements:						
Current:						
General Government	142,397	-	-	-	-	142,397
Public Safety	-	176,790	-	-	-	176,790
Public Works	-	366,591	-	-	-	366,591
Health	6,970	28,326	-	-	-	35,296
Conservation/Recreation	18,320	-	-	-	-	18,320
Capital Outlay	-	22,237	2,041	-	-	24,278
Debt Service:						
Redemption of Principal	-	96,818	60,000	-	-	156,818
Interest and Fiscal Charges	-	11,015	64,900	-	-	75,915
	167,687	701,777	126,941	-	-	996,405
Total Cash Receipts Over/(Under) Disbursements	65,562	(142,218)	10,005	-	-	(66,651)
Other Financing Receipts/(Disbursements):						
Transfers-In	-	-	-	30,000	-	30,000
Transfers-Out	(30,000)	-	-	-	-	(30,000)
Other Financing Sources	749	-	-	-	-	749
Total Other Financing Receipts/(Disbursements)	(29,251)	-	-	30,000	-	749
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	36,311	(142,218)	10,005	30,000	-	(65,902)
Fund Cash Balances, January 1	59,712	430,575	14,801	(54,869)	1,579	451,798
Fund Cash Balances, December 31	\$ 96,023	\$ 288,357	\$ 24,806	\$ (24,869)	\$ 1,579	\$ 385,896
Reserve for Encumbrances, December 31	\$ 1,408	\$ 32,491	\$ -	\$ -	\$ -	\$ 33,899

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

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	
Cash Receipts:						
Local Taxes	\$ 116,658	\$ 332,251	\$ 121,052	\$ -	\$ -	\$ 569,961
Intergovernmental	47,699	150,142	17,168	-	-	215,009
Licenses, Permits, and Fees	2,026	8,805	-	-	-	10,831
Earnings on Investments	852	927	-	-	-	1,779
Miscellaneous	2,381	13,373	-	-	-	15,754
Total Cash Receipts	<u>169,616</u>	<u>505,498</u>	<u>138,220</u>	<u>-</u>	<u>-</u>	<u>813,334</u>
Cash Disbursements:						
Current:						
General Government	178,400	-	-	-	-	178,400
Public Safety	-	187,186	-	-	-	187,186
Public Works	-	300,733	-	-	-	300,733
Health	23,700	8,288	-	-	-	31,988
Conservation/Recreation	18,555	-	-	-	-	18,555
Capital Outlay	-	489,517	2,082	-	-	491,599
Debt Service:						
Redemption of Principal	-	188,153	55,000	-	-	243,153
Interest and Fiscal Charges	-	6,834	67,100	-	-	73,934
Total Cash Disbursements	<u>220,655</u>	<u>1,180,711</u>	<u>124,182</u>	<u>-</u>	<u>-</u>	<u>1,525,548</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(51,039)</u>	<u>(675,213)</u>	<u>14,038</u>	<u>-</u>	<u>-</u>	<u>(712,214)</u>
Other Financing Receipts/(Disbursements):						
Debt Proceeds	-	392,507	-	-	-	392,507
Transfers-In	-	-	-	5,000	-	5,000
Transfers-Out	(5,000)	-	-	-	-	(5,000)
Other Financing Sources	7,459	-	-	-	-	7,459
Total Other Financing Receipts	<u>2,459</u>	<u>392,507</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>399,966</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(48,580)</u>	<u>(282,706)</u>	<u>14,038</u>	<u>5,000</u>	<u>-</u>	<u>(312,248)</u>
Fund Cash Balances, January 1 (Restated - See Note 8)	<u>108,292</u>	<u>713,281</u>	<u>763</u>	<u>(59,869)</u>	<u>1,579</u>	<u>764,046</u>
Fund Cash Balances, December 31	<u>\$ 59,712</u>	<u>\$ 430,575</u>	<u>\$ 14,801</u>	<u>\$ (54,869)</u>	<u>\$ 1,579</u>	<u>\$ 451,798</u>

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

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Scioto Township, Delaware County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services including road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Delaware County Sheriff's Department to provide security of persons and property.

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management Inc. (OPRM), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members").

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township invests in STAR Ohio (the State Treasurer's investment pool). Investments in STAR Ohio are recorded as share values reported by the State Treasurer.

D. Fund Accounting

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

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Special Levy – Fire Levy Fund - This fund receives property tax money to provide fire services for the Township.

3. Debt Service Fund

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

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

4. Capital Project Fund

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Project Fund:

Miscellaneous Capital Project Fund – This fund was established for the construction of a new fire station.

5. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Amos Main Cemetery Bequest Fund – This fund includes the nonexpendable corpus from a trust agreement. Interest earned is received in the Cemetery Special Revenue Fund and used for the general maintenance and upkeep of the Township's cemetery.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio Law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2010	2009
Demand Deposits	\$ 41,179	\$ 7,371
STAR Ohio	344,717	444,427
Total Deposits and Investments	\$ 385,896	\$ 451,798

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township or 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.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 156,149	\$ 233,998	\$ 77,849
Special Revenue	485,107	559,559	74,452
Debt Service	165,648	136,946	(28,702)
Capital Projects	-	30,000	30,000
Total	<u>\$ 806,904</u>	<u>\$ 960,503</u>	<u>\$ 153,599</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 187,520	\$ 199,095	\$ (11,575)
Special Revenue	724,882	734,268	(9,386)
Debt Service	127,175	126,941	234
Total	<u>\$ 1,039,577</u>	<u>\$ 1,060,304</u>	<u>\$ (20,727)</u>

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 158,748	\$ 177,075	\$ 18,327
Special Revenue	493,439	898,005	404,566
Debt Service	137,438	138,220	782
Capital Projects	-	5,000	5,000
Total	<u>\$ 789,625</u>	<u>\$ 1,218,300</u>	<u>\$ 428,675</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 244,589	\$ 225,655	\$ 18,934
Special Revenue	1,029,125	1,180,711	(151,586)
Debt Service	125,100	124,182	918
Total	<u>\$ 1,398,814</u>	<u>\$ 1,530,548</u>	<u>\$ (131,734)</u>

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bonds	\$ 1,250,000	4.00%
Fire Equipment	107,536	5.39%
Total	<u>\$ 1,357,536</u>	

In December 2003, the Township issued Capital Facilities Bonds in the amount of \$1,600,000, consisting \$1,000,000 Serial Bonds and \$600,000 Term Bonds. The bonds shall mature in the principal amounts and shall bear interest at the rates per annum as follows: 2013 - \$600,000 bearing interest at 4%, each subsequent year from 2014 through 2023 - \$100,000 per year bearing interest at 5.25%.

The bonds maturing in 2013 shall be term bonds, and subject to mandatory sinking fund redemption on the outstanding balance as follows: 2009 - \$55,000, 2010 - \$60,000, 2011 and 2012 - \$75,000 per year and 2013 - \$100,000.

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

In 2009, the Township retired the 2005 outstanding master lease purchase agreement and entered into a new master lease purchase agreement for firefighting equipment. The terms require annual principal payments of \$58,153, includes principal and interest (5.39%) to be made until August 2013.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

5. DEBT (CONTINUED)

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

Year ending December 31:	Bonds	Equipment	Total
2011	\$ 137,500	\$ 58,153	\$ 195,653
2012	134,500	58,153	192,653
2013	156,500	58,153	214,653
2014	152,500	-	152,500
2015	147,250	-	147,250
2016-2020	657,500	-	657,500
2021-2023	331,500	-	331,500
Total	<u>\$ 1,717,250</u>	<u>\$ 174,459</u>	<u>\$ 1,891,709</u>

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

7. RISK MANAGEMENT

Through December 31, 2008, the Township belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

7. RISK MANAGEMENT (CONTINUED)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 725 members as of December 31, 2009. The Township participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 60 members as of December 31, 2009. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available) and include amounts for both OPRM and OPHC:

	2009 OPRM	2009 OPHC	2009	2008
Assets	\$11,176,186	\$1,358,802	\$12,534,988	\$10,471,114
Liabilities	<u>(4,852,485)</u>	<u>(1,253,617)</u>	<u>(6,106,102)</u>	<u>(5,286,781)</u>
Members’ Equity	<u>\$6,323,701</u>	<u>\$105,185</u>	<u>\$6,428,886</u>	<u>\$5,184,333</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

8. PRIOR PERIOD RESTATEMENT

The Township posted an adjustment in 2009 relating to 2008 activity:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Balance as of December 31, 2008	\$ 136,209	\$ 693,648	\$ (7,521)
Auditor Adjustments	(27,917)	19,633	8,284
Adjusted Fund Balance	<u>\$ 108,292</u>	<u>\$ 713,281</u>	<u>\$ 763</u>

The Township incorrectly distributed a property tax rollback receipt to the General Fund in 2008. During 2009, the Township made fund balance adjustments to correctly distribute this money according to the county auditor's settlement sheet to the Road and Bridge, Special Levy - Fire Levy, and Debt Service Funds.

9. GOING CONCERN

The Township's Capital Projects Fund continues to reflect a negative balance at the end of 2010. Based on current information, it appears this fund will remain a deficit balance at least through the end of 2011.

This factor raises doubt about the Township's ability to continue as a going concern.

However, the Township is taking action by implementing a reduced expenditure plan with guidance from Local Government Services (LGS) Division of the AOS office. The AOS office has various remedies available to it, the most severe of which includes placing the Township on fiscal watch or fiscal emergency. The Township is not currently on fiscal watch.

The accompanying financial statements do not include any adjustments that might be necessary if the Township is unable to continue as a going concern.

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

June 28, 2011

Scioto Township
Delaware County
3737 Ostrander Road
Ostrander, Ohio 43061

To the Board of Trustees:

We have audited the financial statements of **Scioto Township**, Delaware County, Ohio (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 28, 2011, wherein we noted the Township followed accounting practices the Auditor of State 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 the purpose of expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 and 2010-002 described in the accompanying schedule of audit findings to be material weaknesses.

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 in the accompanying schedule of findings as item 2010-001.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 28, 2011.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Material Weakness/Noncompliance Finding

Ohio Revised Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Township had negative fund balances at December 31, 2010 and 2009 as follows:

<u>Fund</u>	<u>2010</u>	<u>2009</u>
Miscellaneous Capital Project Fund	(24,869)	(54,869)

We recommend the Township monitor their fund balances and, when a deficit occurs and is expected to be temporary (i.e., pending the receipt of a grant, tax settlement, etc), we recommend the Township advance monies from the General Fund until the debtor fund can advance the monies back. In the case of a deficit fund balance for which no return of funds can reasonably be expected, we recommend the Township permanently transfer the monies to cover the deficit.

Management’s Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2010-002

Material Weakness

Posting Receipts and Expenditures

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

The following posting errors were noted:

- Debt proceeds for fire equipment were not recorded as Debt Proceeds and Capital Outlay in 2009.
- Homestead and rollback receipts were recorded as Local Taxes instead of Intergovernmental in the General, Road and Bridge, Special Levy – Fire Levy, and Miscellaneous Capital Projects Funds in 2010.
- Grant receipt was recorded as Miscellaneous instead of Intergovernmental in the Road and Bridge Fund in 2010.
- Debt payments were recorded as Capital Outlay instead of Principal and Interest in the Special Levy – Fire Levy Fund in 2009.
- Property tax rollback receipt was recorded in the General Fund instead of the Road and Bridge, Special Levy - Fire Levy, and Debt Service Funds in 2008.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The accompanying financial statements reflect all reclassifications and adjustments.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-002 (CONTINUED)

Material Weakness (Continued)

Posting Receipts and Expenditures (Continued)

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC Section 5705.10, revenue mis-classification.	No	Not Corrected, Repeated as Finding 2010-001
2008-002	ORC Section 5705.39, Appropriations exceeding total revenue.	No	Partially, Moved to Management Letter
2008-003	ORC Section 5705.41(D) – Not filing certificate of approval prior to contract	No	Partially, Moved to Management Letter
2008-004	Posting Receipts	No	Not Corrected, Repeated as Finding 2010-002
2008-005	Posting Estimated Revenues and Appropriations	No	Partially, Moved to Management Letter



Dave Yost • Auditor of State

SCIOTO TOWNSHIP

DELAWARE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 15, 2011