



Dave Yost • Auditor of State



**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

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SCIOTO TOWNSHIP  
PICKAWAY COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Scioto Township  
Pickaway County  
P.O. Box 40  
Commercial Point, Ohio 43116

To the Board of Trustees:

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, Ohio, (the Township), as of and for the years ended December 31, 2011 and 2010, 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 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2 C, 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 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, 2011 and 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Road and Bridge, Fire and Emergency, and Permissive Motor Vehicle funds thereof for the years then ended in conformity with the accounting basis Note 2 describes.

As described in Note 10, during 2011 Scioto Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2012, 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.

We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



**Dave Yost**  
Auditor of State

August 10, 2012

**Scioto Township**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2011 and 2010*  
*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, 2011 and 2010, 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 2011 and 2010 are as follows:

Net assets of governmental activities decreased \$368,452 or 26.0 percent, in 2011. Net assets of governmental activities decreased \$301,029, or 17.5 percent in 2010.

The Township's general receipts are primarily property and other local taxes. General receipts represent 71.2 percent of the total cash received for governmental activities during 2011 and 53.9 percent of the total cash received for governmental activities during 2010.

**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, 2011 and 2010*  
*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 2011 and 2010, 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, 2011 and 2010*  
*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 2011 and 2010 the Township's major governmental funds are the General, Road and Bridge, Fire and Emergency Funds, and the Permissive Motor Vehicle Fund. 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 2011 compared to 2010 and 2010 compared to 2009 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities				
	2011	2010	Difference	2009	Difference
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,046,134	\$ 1,414,586	\$ (368,452)	\$ 1,715,615	\$ (301,029)
Total Assets	<u>\$ 1,046,134</u>	<u>\$ 1,414,586</u>	<u>\$ (368,452)</u>	<u>\$ 1,715,615</u>	<u>\$ (301,029)</u>
<b>Net Assets</b>					
Restricted	\$ 801,675	\$ 995,279	\$ (193,604)	\$ 1,118,867	\$ (123,588)
Unrestricted	244,459	419,307	(174,848)	596,748	(177,441)
Total Net Assets	<u>\$ 1,046,134</u>	<u>\$ 1,414,586</u>	<u>\$ (368,452)</u>	<u>\$ 1,715,615</u>	<u>\$ (301,029)</u>

As mentioned previously, net assets of governmental activities decreased \$368,452 or 26.0 percent during 2011. This decrease is due primarily to a decrease in fire contract revenue received by the Township in 2011 as compared to 2010.

Net assets of governmental activities decreased \$301,029 or 17.5 percent during 2010. This decrease is primarily due to a decrease in OPWC capital grants that were received in 2009 and not in 2010.

**Scioto Township**  
*Management's Discussion and Analysis*  
For the Years Ended December 31, 2011 and 2010  
Unaudited

Table 2 reflects the changes in net assets in 2011 as compared to 2010 and 2010 as compared to 2009.

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

	Governmental Activities 2011	Governmental Activities 2010	Difference	Governmental Activities 2009	Difference
Receipts:					
Program Receipts:					
Charges for Services	\$ 360,461	\$ 766,567	\$ (406,106)	\$ 822,454	\$ (55,887)
Operating Grants and Contributions	115,883	249,359	(133,476)	154,875	94,484
Capital Grants and Contributions	-	-	-	297,452	(297,452)
Total Program Receipts	<u>476,344</u>	<u>1,015,926</u>	<u>(539,582)</u>	<u>1,274,781</u>	<u>(258,855)</u>
General Receipts:					
Property and Other Local Taxes	1,049,466	1,003,034	46,432	958,898	44,136
Grants and Entitlements Not Restricted to Specific Programs	86,677	158,103	(71,426)	153,447	4,656
Interest	1,158	1,972	(814)	6,666	(4,694)
Miscellaneous	41,694	26,631	15,063	30,140	(3,509)
Total General Receipts	<u>1,178,995</u>	<u>1,189,740</u>	<u>(10,745)</u>	<u>1,149,151</u>	<u>40,589</u>
Total Receipts	<u>1,655,339</u>	<u>2,205,666</u>	<u>(550,327)</u>	<u>2,423,932</u>	<u>(218,266)</u>
Disbursements:					
General Government	264,303	275,861	(11,558)	252,513	23,348
Public Safety	1,295,097	1,656,909	(361,812)	1,460,716	196,193
Public Works	362,892	293,323	69,569	436,536	(143,213)
Health	38,369	30,614	7,755	27,391	3,223
Capital Outlay	12,760	197,884	(185,124)	305,598	(107,714)
Debt Service	50,370	52,104	(1,734)	53,838	(1,734)
Total Disbursements	<u>2,023,791</u>	<u>2,506,695</u>	<u>(482,904)</u>	<u>2,536,592</u>	<u>(29,897)</u>
Increase / (Decrease) in Net Assets	(368,452)	(301,029)	(67,423)	(112,660)	(188,369)
Net Assets, January 1	1,414,586	1,715,615	(301,029)	1,828,275	(112,660)
Net Assets, December 31	<u>\$ 1,046,134</u>	<u>\$ 1,414,586</u>	<u>\$ (368,452)</u>	<u>\$ 1,715,615</u>	<u>\$ (301,029)</u>

Program receipts represent 28.8 percent of total receipts in 2011 and 46.1 percent of total receipts in 2010 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, but not in 2011 and 2010. The decrease in Charges for services is due to a decrease in fire contracts during the 2011 year. Operating grants and contributions increased during 2010 as a result of additional monies received for Permissive Motor Vehicle Tax and Fire Emergency programs.

General receipts represent 71.2 percent of the Township's total receipts for 2011 and 53.9 percent of the Township's total receipts for 2010, and of this amount, 89.0 percent are property and other local taxes in 2011 and 84.3 percent are property and other local taxes in 2010. Grants and entitlements not restricted to specific programs represent 7.4 percent and 13.3 percent of the Township's general receipts, respectively in 2011 and 2010. The decrease in 2011 to grants and entitlements not restricted to specific programs is due to a decrease in property tax allocation revenues. Interest receipts have decreased yearly from 2009 to 2011 due to decreases in interest rates and cash on hand. Other receipts are insignificant and somewhat unpredictable revenue sources.

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.

**Scioto Township**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2011 and 2010*  
*Unaudited*

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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 decreased \$361,812 from 2010 to 2011 primarily due to a loss of the EMS contract for Orient Correctional Institute. Disbursements for public works increased or decreased depending on the amount of road work projects for that year. Capital Outlay decreased in both 2011 and 2010 as a result of OPWC monies spent in previous years.

**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 2011, the major program disbursements for governmental activities are for public safety, public works and general government, which account for 64.0, 17.9 and 13.1 percent of all governmental disbursements, respectively. In 2010, the major program disbursements for governmental activities are for public safety, public works, and general government which account for 66.1, 11.7 and 11.0 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 2011	Net Cost/ (Revenue) of Services 2011	Total Cost of Services 2010	Net Cost/ (Revenue) of Services 2010
General Government	\$ 264,303	\$ 247,252	\$ 275,861	\$ 260,015
Public Safety	1,295,097	962,977	1,656,909	834,157
Public Works	362,892	246,929	293,323	135,777
Health	38,369	27,159	30,614	10,832
Capital Outlay	12,760	12,760	197,884	197,884
Debt Service	50,370	50,370	52,104	52,104
<b>Total Expenses</b>	<b>\$ 2,023,791</b>	<b>\$ 1,547,447</b>	<b>\$ 2,506,695</b>	<b>\$ 1,490,769</b>

**Scioto Township**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2011 and 2010*  
*Unaudited*

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**The Township's Funds**

Total governmental funds had total receipts and other financing sources of \$1,705,709 and disbursements and other financing uses of \$2,074,161 in 2011 and receipts of \$2,205,666 and disbursements of \$2,506,695 in 2010. The greatest change within governmental funds occurred within the Fire and Emergency Fund in 2011 and 2010. In 2011, the fund balance of the Fire and Emergency fund decreased \$182,798 primarily as the result of decreased charges for services. The fund balance in the General fund decreased \$174,848 due to disbursements exceeding receipts and transfers out of the fund to the Fire and Emergency fund for principal and interest. The fund balance of the Road and Bridge fund decreased by \$18,728 in 2011 primarily due a decrease in cash receipts. The fund balance of the Permissive Motor Vehicle fund decreased \$3,368.

The fund balance of the General fund decreased by \$177,441 in 2010 primarily as a result of increased expenditures and decreased receipts. The fund balance of the Road and Bridge fund increased \$8,431. The fund balance of the Fire and Emergency fund decreased \$198,078 in 2010 primarily due to an increase in public safety expenditures. The Permissive Motor Vehicle fund increased \$21,531.

**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 amended their General Fund budget in 2011 and 2010. The Township uses fund budgeting and the budgeting systems are designed to tightly control the total funds' budget.

For 2011, General fund budget basis actual receipts were \$172,983, which was consistent with the original and final budget basis amounts. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2011 were \$179,532 over cash receipts. Actual cash disbursements were lower than original and final budgeted disbursements during 2011 due primarily to lower disbursements than anticipated for general government.

For 2010, General fund budget basis actual receipts were \$177,024, which was consistent with the original and final budget basis amounts. Actual cash disbursements were lower than original and final budgeted amounts due mainly to lower general government and capital outlay disbursements.

**Debt**

At December 31, 2011 and 2010, the Township had debt outstanding of \$255,500 and \$292,000. 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, 2011 and 2010*  
*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.

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**Scioto Township**  
*Statement of Net Assets - Cash Basis*  
*As of December 31, 2011*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,046,134
<i>Total Assets</i>	\$ 1,046,134
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 97,019
Road and Bridge	196,867
Fire and Emergency	165,727
Permissive Motor Vehicle	159,753
Other Purposes	182,309
Unrestricted	244,459
<i>Total Net Assets</i>	\$ 1,046,134

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2011*

	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	\$ 264,303	\$ 17,051	\$ -	\$ (247,252)
Public Safety	1,295,097	325,000	7,120	(962,977)
Public Works	362,892	7,200	108,763	(246,929)
Health	38,369	11,210	-	(27,159)
Capital Outlay	12,760	-	-	(12,760)
Debt Service:				
Principal	36,500	-	-	(36,500)
Interest	13,870	-	-	(13,870)
<i>Total Governmental Activities</i>	<u>\$ 2,023,791</u>	<u>\$ 360,461</u>	<u>\$ 115,883</u>	<u>\$ (1,547,447)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				124,887
Other Purposes				924,579
Grants and Entitlements not Restricted to Specific Programs				86,677
Interest				1,158
Miscellaneous				41,694
<i>Total General Receipts</i>				<u>1,178,995</u>
<i>Change in Net Assets</i>				(368,452)
<i>Net Assets - Beginning of Year</i>				<u>1,414,586</u>
<i>Net Assets - End of Year</i>				<u>\$ 1,046,134</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, 2011*

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Permissive Motor Vehicle Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 244,459	\$ 196,867	\$ 165,727	\$ 159,753	\$ 279,328	\$ 1,046,134
<i>Total Assets</i>	<u>\$ 244,459</u>	<u>\$ 196,867</u>	<u>\$ 165,727</u>	<u>\$ 159,753</u>	<u>\$ 279,328</u>	<u>\$ 1,046,134</u>
<b>Fund Balances</b>						
Restricted	\$ -	\$ -	\$ 165,727	\$ 159,753	\$ 279,328	\$ 604,808
Committed	-	196,867	-	-	-	196,867
Assigned	4,684	-	-	-	-	4,684
Unassigned	239,775	-	-	-	-	239,775
<i>Total Fund Balances</i>	<u>\$ 244,459</u>	<u>\$ 196,867</u>	<u>\$ 165,727</u>	<u>\$ 159,753</u>	<u>\$ 279,328</u>	<u>\$ 1,046,134</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, 2011*

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Permissive Motor Vehicle Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 124,887	181,670	707,626	\$ 35,283	\$ -	\$ 1,049,466
Charges for Services	-	-	325,000	-	-	325,000
Intergovernmental	27,530	12,253	54,014	8,141	100,622	202,560
Licenses, Permits and Fees	17,051	-	-	-	18,410	35,461
Interest	932	-	-	133	93	1,158
Other	2,583	5,459	25,659	-	7,993	41,694
<i>Total Receipts</i>	<u>172,983</u>	<u>199,382</u>	<u>1,112,299</u>	<u>43,557</u>	<u>127,118</u>	<u>1,655,339</u>
<b>Disbursements</b>						
Current:						
General Government	264,303	-	-	-	-	264,303
Public Safety	-	-	1,295,097	-	-	1,295,097
Public Works	-	215,320	-	46,925	100,647	362,892
Health	33,158	-	-	-	5,211	38,369
Capital Outlay	-	2,790	0	-	9,970	12,760
Debt Service:						
Principal Retirement	-	-	36,500	-	-	36,500
Interest and Fiscal Charges	-	-	13,870	-	-	13,870
<i>Total Disbursements</i>	<u>297,461</u>	<u>218,110</u>	<u>1,345,467</u>	<u>46,925</u>	<u>115,828</u>	<u>2,023,791</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(124,478)</u>	<u>(18,728)</u>	<u>(233,168)</u>	<u>(3,368)</u>	<u>11,290</u>	<u>(368,452)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	50,370	-	-	50,370
Transfers Out	(50,370)	-	-	-	-	(50,370)
<i>Total Other Financing Sources (Uses)</i>	<u>(50,370)</u>	<u>-</u>	<u>50,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>(174,848)</u>	<u>(18,728)</u>	<u>(182,798)</u>	<u>(3,368)</u>	<u>11,290</u>	<u>(368,452)</u>
<i>Fund Balances - Beginning of Year</i>	<u>419,307</u>	<u>215,595</u>	<u>348,525</u>	<u>163,121</u>	<u>268,038</u>	<u>1,414,586</u>
<i>Fund Balances - End of Year</i>	<u>\$ 244,459</u>	<u>\$ 196,867</u>	<u>\$ 165,727</u>	<u>\$ 159,753</u>	<u>\$ 279,328</u>	<u>\$ 1,046,134</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 130,500	\$ 128,325	\$ 124,887	\$ (3,438)
Intergovernmental	19,500	31,300	27,530	(3,770)
Licenses, Permits and Fees	10,000	15,605	17,051	1,446
Interest	10,000	1,000	932	(68)
Other	5,550	5,550	2,583	(2,967)
<i>Total Receipts</i>	<u>175,550</u>	<u>181,780</u>	<u>172,983</u>	<u>(8,797)</u>
<b>Disbursements</b>				
Current:				
General Government	362,360	325,990	268,987	57,003
Health	23,250	34,250	33,158	1,092
Capital Outlay	28,500	3,500	-	3,500
Debt Service:				
Principal Retirement	-	36,500	-	36,500
Interest and Fiscal Charges	-	13,870	-	13,870
<i>Total Disbursements</i>	<u>414,110</u>	<u>414,110</u>	<u>302,145</u>	<u>111,965</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(238,560)</u>	<u>(232,330)</u>	<u>(129,162)</u>	<u>103,168</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(50,370)	(50,370)	-
Other Financing Sources	176	176	-	(176)
Other Financing Uses	(500)	(500)	-	500
<i>Total Other Financing Sources (Uses)</i>	<u>(324)</u>	<u>(50,694)</u>	<u>(50,370)</u>	<u>324</u>
<i>Net Change in Fund Balance</i>	(238,884)	(283,024)	(179,532)	103,492
<i>Fund Balance Beginning of Year</i>	412,313	412,313	412,313	-
Prior Year Encumbrances Appropriated	6,994	6,994	6,994	-
<i>Fund Balance End of Year</i>	<u>\$ 180,423</u>	<u>\$ 136,283</u>	<u>\$ 239,775</u>	<u>\$ 103,492</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 214,022	\$ 193,560	\$ 181,670	\$ (11,890)
Intergovernmental	4,157	18,000	12,253	(5,747)
Other	-	5,500	5,459	(41)
<i>Total Receipts</i>	<u>218,179</u>	<u>217,060</u>	<u>199,382</u>	<u>(17,678)</u>
<b>Disbursements</b>				
Current:				
Public Works	275,336	275,336	225,320	50,016
Other	2,790	2,790	2,790	-
<i>Total Disbursements</i>	<u>278,126</u>	<u>278,126</u>	<u>228,110</u>	<u>50,016</u>
<i>Net Change in Fund Balance</i>	(59,947)	(61,066)	(28,728)	32,338
<i>Fund Balance Beginning of Year</i>	198,895	198,895	198,895	-
<i>Prior Year Encumbrances Appropriated</i>	<u>16,700</u>	<u>16,700</u>	<u>16,700</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 155,648</u>	<u>\$ 154,529</u>	<u>\$ 186,867</u>	<u>\$ 32,338</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, 2011*

	<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	\$ 730,000	\$ 716,200	\$ 707,626	\$ (8,574)
Charges for Services	650,000	325,000	325,000	-
Intergovernmental	16,000	54,500	54,014	(486)
Other	1,000	27,500	25,659	(1,841)
<i>Total Receipts</i>	<u>1,397,000</u>	<u>1,123,200</u>	<u>1,112,299</u>	<u>(10,901)</u>
<b>Disbursements</b>				
Current:				
Public Safety	1,321,158	1,318,709	1,295,097	23,612
Debt Service:				
Principal Retirement	36,500	36,500	36,500	-
Interest and Fiscal Charges	13,870	13,870	13,870	-
<i>Total Disbursements</i>	<u>1,371,528</u>	<u>1,369,079</u>	<u>1,345,467</u>	<u>23,612</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>25,472</u>	<u>(245,879)</u>	<u>(233,168)</u>	<u>12,711</u>
<b>Other Financing Sources</b>				
Transfers In	-	-	50,370	50,370
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>50,370</u>	<u>50,370</u>
<i>Net Change in Fund Balance</i>	25,472	(245,879)	(182,798)	63,081
<i>Fund Balance Beginning of Year</i>	339,525	339,525	339,525	-
<i>Prior Year Encumbrances Appropriated</i>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 373,997</u>	<u>\$ 102,646</u>	<u>\$ 165,727</u>	<u>\$ 63,081</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  
 Permissive Motor Vehicle  
 For the Year Ended December 31, 2011*

	<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	\$ 20,000	\$ 35,000	\$ 35,283	\$ 283
Intergovernmental	8,000	8,000	8,141	141
Other	<u>2,325</u>	<u>2,325</u>	<u>133</u>	<u>(2,192)</u>
<i>Total Receipts</i>	<u>30,325</u>	<u>45,325</u>	<u>43,557</u>	<u>(1,768)</u>
<b>Disbursements</b>				
Current:				
Public Works	<u>50,000</u>	<u>50,000</u>	<u>46,925</u>	<u>3,075</u>
<i>Total Disbursements</i>	<u>50,000</u>	<u>50,000</u>	<u>46,925</u>	<u>3,075</u>
<i>Net Change in Fund Balance</i>	(19,675)	(4,675)	(3,368)	1,307
<i>Fund Balance Beginning of Year</i>	<u>163,121</u>	<u>163,121</u>	<u>163,121</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 143,446</u>	<u>\$ 158,446</u>	<u>\$ 159,753</u>	<u>\$ 1,307</u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Net Assets - Cash Basis*  
*As of December 31, 2010*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,414,586
<i>Total Assets</i>	\$ 1,414,586
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 89,819
Road and Bridge	215,595
Fire and Emergency	348,525
Permissive Motor Vehicle	163,121
Other Purposes	178,219
Unrestricted	419,307
<i>Total Net Assets</i>	\$ 1,414,586

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2010*

	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	\$ 275,861	\$ 15,846	\$ -	\$ (260,015)
Public Safety	1,656,909	715,817	106,935	(834,157)
Public Works	293,323	15,122	142,424	(135,777)
Health	30,614	19,782	-	(10,832)
Capital Outlay	197,884	-	-	(197,884)
Debt Service:				
Principal	36,500	-	-	(36,500)
Interest	15,604	-	-	(15,604)
<i>Total Governmental Activities</i>	<u>\$ 2,506,695</u>	<u>\$ 766,567</u>	<u>\$ 249,359</u>	<u>\$ (1,490,769)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				117,365
Other Purposes				885,669
Grants and Entitlements not Restricted to Specific Programs				158,103
Interest				1,972
Miscellaneous				26,631
<i>Total General Receipts</i>				<u>1,189,740</u>
Change in Net Assets				(301,029)
<i>Net Assets - Beginning of Year</i>				<u>1,715,615</u>
<i>Net Assets - End of Year</i>				<u>\$ 1,414,586</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, 2010*

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Permissive Motor Vehicle Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 419,307	\$ 215,595	\$ 348,525	\$ 163,121	\$ 268,038	\$ 1,414,586
<i>Total Assets</i>	<u>\$ 419,307</u>	<u>\$ 215,595</u>	<u>\$ 348,525</u>	<u>\$ 163,121</u>	<u>\$ 268,038</u>	<u>\$ 1,414,586</u>
<b>Fund Balances</b>						
Restricted	\$ -	\$ -	\$ 348,525	\$ 163,121	\$ 268,038	\$ 779,684
Committed	-	215,595	-	-	-	215,595
Assigned	6,994	-	-	-	-	6,994
Unassigned	412,313	-	-	-	-	412,313
<i>Total Fund Balances</i>	<u>\$ 419,307</u>	<u>\$ 215,595</u>	<u>\$ 348,525</u>	<u>\$ 163,121</u>	<u>\$ 268,038</u>	<u>\$ 1,414,586</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, 2010*

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Permissive Motor Vehicle Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 117,365	\$ 179,151	\$ 671,418	\$ 35,100	\$ -	\$ 1,003,034
Charges for Services	-	-	715,817	-	6,122	721,939
Intergovernmental	42,033	22,658	200,347	8,096	134,328	407,462
Licenses, Permits and Fees	15,846	-	-	-	28,782	44,628
Interest	1,676	-	-	175	121	1,972
Other	104	14,951	11,576	-	-	26,631
<i>Total Receipts</i>	<u>177,024</u>	<u>216,760</u>	<u>1,599,158</u>	<u>43,371</u>	<u>169,353</u>	<u>2,205,666</u>
<b>Disbursements</b>						
Current:						
General Government	275,861	-	-	-	-	275,861
Public Safety	-	-	1,656,909	-	-	1,656,909
Public Works	-	183,043	-	21,840	88,440	293,323
Health	21,028	-	-	-	9,586	30,614
Capital Outlay	5,472	25,286	140,327	-	26,799	197,884
Debt Service:						
Principal Retirement	36,500	-	-	-	-	36,500
Interest and Fiscal Charges	15,604	-	-	-	-	15,604
<i>Total Disbursements</i>	<u>354,465</u>	<u>208,329</u>	<u>1,797,236</u>	<u>21,840</u>	<u>124,825</u>	<u>2,506,695</u>
<i>Net Change in Fund Balances</i>	(177,441)	8,431	(198,078)	21,531	44,528	(301,029)
<i>Fund Balances - Beginning of Year</i>	<u>596,748</u>	<u>207,164</u>	<u>546,603</u>	<u>141,590</u>	<u>223,510</u>	<u>1,715,615</u>
<i>Fund Balances - End of Year</i>	<u>\$ 419,307</u>	<u>\$ 215,595</u>	<u>\$ 348,525</u>	<u>\$ 163,121</u>	<u>\$ 268,038</u>	<u>\$ 1,414,586</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, 2010*

	<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	\$ 128,000	\$ 110,824	\$ 117,365	\$ 6,541
Intergovernmental	24,694	44,500	42,033	(2,467)
Licenses, Permits and Fees	9,310	18,050	15,846	(2,204)
Interest	985	2,000	1,676	(324)
Other	61	626	104	(522)
<i>Total Receipts</i>	<u>163,050</u>	<u>176,000</u>	<u>177,024</u>	<u>1,024</u>
<b>Disbursements</b>				
Current:				
General Government	312,433	312,433	282,855	29,578
Health	23,250	23,250	21,028	2,222
Capital Outlay	28,500	28,500	5,472	23,028
Debt Service:				
Principal Retirement	-	36,500	36,500	-
Interest and Fiscal Charges	-	15,604	15,604	-
<i>Total Disbursements</i>	<u>364,183</u>	<u>416,287</u>	<u>361,459</u>	<u>54,828</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(201,133)</u>	<u>(240,287)</u>	<u>(184,435)</u>	<u>55,852</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Uses	<u>(500)</u>	<u>(500)</u>	<u>-</u>	<u>500</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(500)</u>	<u>(500)</u>	<u>-</u>	<u>500</u>
<i>Net Change in Fund Balance</i>	<u>(201,633)</u>	<u>(240,787)</u>	<u>(184,435)</u>	<u>56,352</u>
<i>Fund Balance Beginning of Year</i>	<u>596,748</u>	<u>596,748</u>	<u>596,748</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 395,115</u></u>	<u><u>\$ 355,961</u></u>	<u><u>\$ 412,313</u></u>	<u><u>\$ 56,352</u></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, 2010*

	<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	\$ 193,000	\$ 191,000	\$ 179,151	\$ (11,849)
Intergovernmental	1,205	24,000	22,658	(1,342)
Other	795	2,000	14,951	12,951
<i>Total Receipts</i>	<u>195,000</u>	<u>217,000</u>	<u>216,760</u>	<u>(240)</u>
<b>Disbursements</b>				
Current:				
Public Works	238,486	238,486	196,943	41,543
Capital Outlay	92,500	92,500	28,086	64,414
<i>Total Disbursements</i>	<u>330,986</u>	<u>330,986</u>	<u>225,029</u>	<u>105,957</u>
<i>Net Change in Fund Balance</i>	(135,986)	(113,986)	(8,269)	105,717
<i>Fund Balance Beginning of Year</i>	<u>207,164</u>	<u>207,164</u>	<u>207,164</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 71,178</u>	<u>\$ 93,178</u>	<u>\$ 198,895</u>	<u>\$ 105,717</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, 2010*

	<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	\$ 710,000	\$ 725,000	\$ 671,418	\$ (53,582)
Charges for Services	593,583	715,817	715,817	-
Intergovernmental	166,135	130,683	200,347	69,664
Other	9,599	3,500	11,576	8,076
<i>Total Receipts</i>	<u>1,479,317</u>	<u>1,575,000</u>	<u>1,599,158</u>	<u>24,158</u>
<b>Disbursements</b>				
Current:				
Public Safety	1,413,784	1,697,369	1,665,939	31,430
Capital Outlay	-	142,750	140,297	2,453
Debt Service:				
Principal Retirement	36,500	-	-	-
Interest and Fiscal Charges	17,338	-	-	-
<i>Total Disbursements</i>	<u>1,467,622</u>	<u>1,840,119</u>	<u>1,806,236</u>	<u>33,883</u>
<i>Net Change in Fund Balance</i>	11,695	(265,119)	(207,078)	58,041
<i>Fund Balance Beginning of Year</i>	<u>546,603</u>	<u>546,603</u>	<u>546,603</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 558,298</u>	<u>\$ 281,484</u>	<u>\$ 339,525</u>	<u>\$ 58,041</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  
 Permissive Motor Vehicle  
 For the Year Ended December 31, 2010*

	<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	\$ 20,000	\$ 31,300	\$ 35,100	\$ 3,800
Intergovernmental	8,000	8,000	8,096	96
Interest	1,200	1,200	175	(1,025)
<i>Total Receipts</i>	<u>29,200</u>	<u>40,500</u>	<u>43,371</u>	<u>2,871</u>
<b>Disbursements</b>				
Current:				
Public Works	<u>35,000</u>	<u>35,000</u>	<u>21,840</u>	<u>13,160</u>
<i>Total Disbursements</i>	<u>35,000</u>	<u>35,000</u>	<u>21,840</u>	<u>13,160</u>
<i>Net Change in Fund Balance</i>	(5,800)	5,500	21,531	16,031
<i>Fund Balance Beginning of Year</i>	<u>141,590</u>	<u>141,590</u>	<u>141,590</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 135,790</u></u>	<u><u>\$ 147,090</u></u>	<u><u>\$ 163,121</u></u>	<u><u>\$ 16,031</u></u>

See accompanying notes to the basic financial statements.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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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, 2011 and 2010*

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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 Permissive Motor Vehicle Fund.

The General Fund is used to account for all financial resources, not accounted for and reported 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 Permissive Motor Vehicle Fund accumulates license tax receipts to be used for road and bridge and associated purposes within the Township.

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, 2011 and 2010*

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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. As of December 31, 2011 and 2010 the Township's agency fund had a zero balance and therefore a Statement of Fiduciary Assets and Net Assets is not presented.

**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, 2011 and 2010*

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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 2011 was \$932, for the Permissive Motor Vehicle Fund was \$133, and \$93 credited to other Township funds. Interest receipts credited to the General Fund during 2010 was \$1,676, for the Permissive Motor Vehicle Fund was \$175, and \$121 credited 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 restricted net assets at December 31, 2011 and December 31, 2010, none were restricted by enabling legislation.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Township Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Township Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Township Board of Trustees.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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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, 2011 and 2010*

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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, 2011 and 2010, the Township's bank balances of \$276,593 and \$290,377, 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, 2011 and 2010, the Township had the following investments:

	Fair Value December 31, 2011	Fair Value December 31, 2010	Weighted Average Maturity (Yrs.)
STAR Ohio	\$810,000	\$1,175,000	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, 2011 and 2010*

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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 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2010, were levied after October 1, 2010, 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.

Due to the phase out which began in 2005, the tangible personal property tax percentage fell to zero in 2009 for businesses. Therefore, Ohio no longer has a general tax on tangible personal property used in business. The tax temporarily applies to telephone and inter-exchange telecommunications companies, which is being passed out to 10% for 2009, 5% for 2010, and zero for 2011. After 2011, tangible personal property, exclusive of public utility tangible personal property, will not be subject to tax.

The full tax rate for all Township operations for the years ended December 31, 2011 and 2010, was \$9.8 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2011 and 2010 property tax receipts were based are as follows:

	<b>2011</b>	<b>2010</b>
Real Property	\$100,192,430	\$95,407,780
Public Utility Property		
Personal	2,872,590	2,810,830
Tangible Personal Property	0	69,990
Total Assessed Value	\$103,065,020	\$98,288,600

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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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 2011 and 2010 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 \$350,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000, 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 and there were no significant reductions in coverage from the prior year.

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, 2010 and 2009 (the latest information available).

	<u>2011</u>	<u>2010</u>
Assets	\$ 35,086,165	\$ 35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Retained Earnings	<u>\$ 25,367,373</u>	<u>\$ 25,190,528</u>

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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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. 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 2011, 2010 and 2009, respectively, for members in state and local classifications and 11.0%, 10.1%, and 10.1%, respectively for members in public safety and 11.6%, 10.1%, and 10.1% for members of law enforcement. The Township is required to contribute 14.0% for 2011, 2010 and 2009, respectively for state and local employers and 18.1%, 17.63%, and 17.4%, respectively for law enforcement and public safety employers for the years ended December 31, 2011, 2010 and 2009.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009, were \$17,001, \$18,113, and \$16,987, respectively. The full amount has been contributed for 2011, 2010 and 2009.

**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 2011, 2010 and 2009 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, 2011, 2010, and 2009 were \$134,709, \$143,712, and \$141,745, respectively. The full amount has been contributed for 2011, 2010 and 2009.



**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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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.

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 2011, state and local employers contributed at a rate of 14.0% of covered payroll and public safety and law enforcement employers contributed at 18.1%. 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.

For 2011, the employer contributions allocated to the Traditional plan was 4.0% and for the Combined Plan was 6.05%. For 2010, the employer contributions allocated to the Traditional plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010 and for the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. For 2009, the employer contributions allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009.

The employer contributions that were used to fund post-employment benefits were \$4,857, \$6,576 and \$7,129 for 2011, 2010, and 2009 respectively, which equaled 100% of the required contribution amount.

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 increased on January 1 each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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

**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, 2010, (the latest information available) was 11,061 for Firefighters. The Township's contributions to OP&F that were allocated to the health care plan for December 31, 2011, 2010, and 2009 were \$37,853, \$40,383, and \$49,044, 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, 2010 (the latest information available) were \$159,913,915, which was net of member contributions of \$58,923,329.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2011 and 2010

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**Note 8 – Debt**

A summary of the note transactions for the years ended December 31, 2011 and 2010 follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2011</u>	<u>Due Within One Year</u>
Tax Anticipation Notes	4.75%	\$ 292,000	\$ -	\$ 36,500	\$ 255,500	\$ 36,500
Total		<u>\$ 292,000</u>	<u>\$ -</u>	<u>\$ 36,500</u>	<u>\$ 255,500</u>	<u>\$ 36,500</u>

  

	<u>Interest Rate</u>	<u>Balance 12/31/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2010</u>	<u>Due Within One Year</u>
Tax Anticipation Notes	4.75%	328,500	-	36,500	292,000	36,500
Total		<u>\$ 328,500</u>	<u>\$ -</u>	<u>\$ 36,500</u>	<u>\$ 292,000</u>	<u>\$ 36,500</u>

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 is being repaid from Fire and Emergency Levy Fund and the General Fund.

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

<u>Year</u>	<u>Tax Anticipation Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 36,500	\$ 12,136	\$ 48,636
2013	36,500	10,403	46,903
2014	36,500	8,669	45,169
2015	36,500	6,935	43,435
2016	36,500	5,201	41,701
2017-2018	73,000	5,202	78,202
	<u>\$ 255,500</u>	<u>\$ 48,546</u>	<u>\$ 304,046</u>

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, 2011, were an overall debt margin of \$10,821,827 and an unvoted debt margin of \$5,668,576.

**Note 9 – Contingent Liability**

The Township is not party to any legal proceedings.

**Note 10 - Changes in Accounting Principles**

For fiscal year 2010, the Township has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The implementation of this statement resulted in no fund reclassifications or restatements to prior year balances.

**Scioto Township**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2011 and 2010

**Note 11 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances 2011	General	Road and Bridge	Fire and Emergency	Permissive Motor Vehicle	All Other Governmental	Total Governmental Funds
<b>Restricted for</b>						
Road and Bridge Repair	\$0	\$0	\$0	\$159,753	\$110,116	\$269,869
Fire and Emergency	0	0	165,727	0	0	165,727
Cemetery	0	0	0	0	72,193	72,193
Capital Improvements	0	0	0	0	97,019	97,019
Total Restricted	<u>0</u>	<u>0</u>	<u>165,727</u>	<u>159,753</u>	<u>279,328</u>	<u>604,808</u>
<b>Committed to</b>						
Road and Bridge Repair	<u>0</u>	<u>196,867</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>196,867</u>
<b>Assigned to</b>						
Other Purposes	<u>4,684</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,684</u>
<b>Unassigned (Deficit)</b>	<u>239,775</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>239,775</u>
Total Fund Balances	<u>\$244,459</u>	<u>\$196,867</u>	<u>\$165,727</u>	<u>\$159,753</u>	<u>\$279,328</u>	<u>\$1,046,134</u>

Fund Balances 2010	General	Road and Bridge	Fire and Emergency	Permissive Motor Vehicle	All Other Governmental	Total Governmental Funds
<b>Restricted for</b>						
Road and Bridge Repair	\$0	\$0	\$0	\$163,121	\$108,005	\$271,126
Fire and Emergency	0	0	348,525	0	0	348,525
Cemetery	0	0	0	0	70,214	70,214
Capital Improvements	0	0	0	0	89,819	89,819
Total Restricted	<u>0</u>	<u>0</u>	<u>348,525</u>	<u>163,121</u>	<u>268,038</u>	<u>779,684</u>
<b>Committed to</b>						
Road and Bridge Repair	<u>0</u>	<u>215,595</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>215,595</u>
<b>Assigned to</b>						
Other Purposes	<u>6,994</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,994</u>
<b>Unassigned (Deficit)</b>	<u>412,313</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>412,313</u>
Total Fund Balances	<u>\$419,307</u>	<u>\$215,595</u>	<u>\$348,525</u>	<u>\$163,121</u>	<u>\$268,038</u>	<u>\$1,414,586</u>

**Note 12 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budgetary Basis presented for the General Fund, Road and Bridge, Fire and Emergency, and Permissive Motor Vehicle Special Revenue Funds, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as an assignment, commitment, or restriction of fund balance (cash basis).

**Note 13 – Interfund Activity**

Transfers were made during 2011 from the General Fund to the Fire Emergency Fund for the current year debt retirement obligation in the amount of \$50,370.



# Dave Yost • Auditor of State

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

Scioto Township  
Pickaway County  
P.O. Box 40  
Commercial Point, Ohio 43116

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 10, 2012, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles and the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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. 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.

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### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 10, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

August 10, 2012

**SCIOTO TOWNSHIP  
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Expenditures Exceeding Appropriations	Yes	N/A
2009-002	Amended Certificates	Yes	N/A

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# Dave Yost • 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  
NOVEMBER 8, 2012