



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

SCIOTO TOWNSHIP
PICKAWAY COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018
Fiscal Years Audited Under GAGAS: 2019 and 2018

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Scioto Township
6752 State Route 762
PO Box 40
Commercial Point, Ohio 43116

We have reviewed the *Independent Auditor's Report* of Scioto Township, Pickaway County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 18, 2020

This page intentionally left blank.

Scioto Township
Pickaway County, Ohio
Table of Contents
For the Fiscal Years Ended December 31, 2019 and 2018

| Title | Page |
|--|-------------|
| Independent Auditors' Report | 1 |
| Government-Wide Financial Statements: | |
| Statement of Net Position –Cash Basis – December 31, 2019..... | 3 |
| Statement of Activities –Cash Basis – For the Year Ended December 31, 2019..... | 4 |
| Fund Financial Statements: | |
| Statement of Assets and Fund Balances – Cash Basis – Governmental Funds – December 31, 2019..... | 5 |
| Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis - Governmental Funds – For the Year Ended December 31, 2019..... | 6 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund – For the Year Ended December 31, 2019..... | 7 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Gasoline Tax Fund – For the Year Ended December 31, 2019..... | 8 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Fund – For the Year Ended December 31, 2019..... | 9 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Fire and Emergency Fund – For the Year Ended December 31, 2019 | 10 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Permissive Motor Vehicle License Tax Fund – For the Year Ended December 31, 2019..... | 11 |
| Notes to the Basic Financial Statements for the Year Ended December 31, 2019..... | 12 |

Scioto Township
Pickaway County, Ohio
Table of Contents
For the Fiscal Years Ended December 31, 2019 and 2018
(Continued)

| Title | Page |
|--|-------------|
| Government-Wide Financial Statements: | |
| Statement of Net Position –Cash Basis – December 31, 2018..... | 32 |
| Statement of Activities –Cash Basis – For the Year Ended December 31, 2018..... | 33 |
| Fund Financial Statements: | |
| Statement of Assets and Fund Balances – Cash Basis – Governmental Funds – December 31, 2018..... | 34 |
| Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis - Governmental Funds – For the Year Ended December 31, 2018..... | 35 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund – For the Year Ended December 31, 2018 | 36 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Fund – For the Year Ended December 31, 2018..... | 37 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Fire and Emergency Fund – For the Year Ended December 31, 2018 | 38 |
| Notes to the Basic Financial Statements for the Year Ended December 31, 2018..... | 39 |
| Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 58 |
| Schedule of Findings..... | 60 |



INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis 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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2019 and 2018, and the respective changes in cash financial position and the respective budgetary comparison for the General, Fire and Emergency, Gas Tax, Road and Bridge, and Permissive Motor Vehicle License Tax funds thereof for the year then ended December 31, 2019 and for the General, Fire and Emergency, and Road and Bridge funds thereof for the year then ended December 31, 2018 in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 13 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
June 24, 2020

Scioto Township
Pickaway County, Ohio
Statement of Net Position - Cash Basis
For the Year Ended December 31, 2019

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,629,764 |
| <i>Total Assets</i> | <i>\$ 1,629,764</i> |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$ 132,318 |
| Other Purposes | 1,145,655 |
| Unrestricted | 351,791 |
| <i>Total Net Position</i> | <i>\$ 1,629,764</i> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

| | Program Cash Receipts | | | Net (Disbursements) |
|--|-----------------------|--------------------------------|------------------------------------|---|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Receipts and Changes in Net Position Governmental Activities |
| Governmental Activities | | | | |
| Current: | | | | |
| General Government | \$ 245,863 | \$ 6,103 | \$ - | \$ (239,760) |
| Public Safety | 2,034,297 | 229,908 | - | (1,804,389) |
| Public Works | 612,863 | 45,306 | 139,930 | (427,627) |
| Health | 35,692 | 13,768 | - | (21,924) |
| Human Services | 336 | 7,675 | - | 7,339 |
| Conservation-Recreation | 15,354 | - | - | (15,354) |
| Other | - | 33,399 | - | 33,399 |
| Capital Outlay | 628,388 | - | - | (628,388) |
| Debt Service: | | | | |
| Principal Retirement | 83,415 | - | - | (83,415) |
| Interest and Fiscal Charges | 7,953 | - | - | (7,953) |
| <i>Total Governmental Activities</i> | <u>3,664,161</u> | <u>336,159</u> | <u>139,930</u> | <u>(3,188,072)</u> |
| Total Primary Government | <u>\$ 3,664,161</u> | <u>\$ 336,159</u> | <u>\$ 139,930</u> | <u>(3,188,072)</u> |
| General Receipts: | | | | |
| | | | | 1,274,027 |
| Property Taxes | | | | 1,074,966 |
| Other Taxes | | | | 477,734 |
| Grants and Entitlements not Restricted to Specific Program | | | | 174,410 |
| Other Debt Proceeds | | | | 20,078 |
| Earnings on Investments | | | | 51,074 |
| Miscellaneous | | | | <u>3,072,289</u> |
| Total General Receipts, Contributions to Permanent Fund, Special Item, Extraordinary Item, Transfers and Advances | | | | <u>3,072,289</u> |
| <i>Change in Net Position</i> | | | | (115,783) |
| <i>Net Position Beginning of Year (Restated)</i> | | | | <u>1,745,547</u> |
| <i>Net Position End of Year</i> | | | | <u>\$ 1,629,764</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2019

| | General | Gasoline Tax | Road and Bridge | Fire and Emergency | Permissive Motor Vehicle License | OPWC | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|------------------|--------------------|-----------------------|--|-------------|--------------------------------|--------------------------------|
| Assets | | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 351,791 | \$ 96,942 | \$ 245,243 | \$ 525,780 | \$ 191,004 | \$ - | \$ 219,004 | \$ 1,629,764 |
| <i>Total Assets</i> | <u>\$ 351,791</u> | <u>\$ 96,942</u> | <u>\$ 245,243</u> | <u>\$ 525,780</u> | <u>\$ 191,004</u> | <u>\$ -</u> | <u>\$ 219,004</u> | <u>\$ 1,629,764</u> |
| Fund Balances | | | | | | | | |
| Restricted | \$ - | \$ 96,942 | \$ 245,243 | \$ 525,780 | \$ 191,004 | \$ - | \$ 219,004 | \$ 1,277,973 |
| Unassigned (Deficit) | <u>351,791</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>351,791</u> |
| <i>Total Fund Balances</i> | <u>\$ 351,791</u> | <u>\$ 96,942</u> | <u>\$ 245,243</u> | <u>\$ 525,780</u> | <u>\$ 191,004</u> | <u>\$ -</u> | <u>\$ 219,004</u> | <u>\$ 1,629,764</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

| | General | Gasoline Tax | Road and Bridge | Fire and Emergency | Permissive Motor Vehicle License | OPWC | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|------------------|-------------------|--------------------|----------------------------------|-----------------|--------------------------|--------------------------|
| Receipts | | | | | | | | |
| Property and Other Local Taxes | \$ 251,839 | \$ - | \$ 324,262 | \$ 1,728,984 | \$ 45,306 | \$ - | \$ 32,249 | \$ 2,382,640 |
| Charges for Services | - | 9,594 | - | 229,908 | - | - | - | 239,502 |
| Licenses, Permits and Fees | 29,908 | - | - | - | - | - | 21,443 | 51,351 |
| Intergovernmental | 44,588 | 113,176 | 16,880 | 55,072 | 10,447 | 372,853 | 16,307 | 629,323 |
| Earnings on Investments | 16,315 | 1,241 | - | - | 2,508 | - | 14 | 20,078 |
| Miscellaneous | 22,102 | 1,088 | 3,474 | 24,410 | - | - | - | 51,074 |
| <i>Total Receipts</i> | <u>364,752</u> | <u>125,099</u> | <u>344,616</u> | <u>2,038,374</u> | <u>58,261</u> | <u>372,853</u> | <u>70,013</u> | <u>3,373,968</u> |
| Disbursements | | | | | | | | |
| Current: | | | | | | | | |
| General Government | 245,863 | - | - | - | - | - | - | 245,863 |
| Public Safety | 46,078 | - | - | 1,988,219 | - | - | - | 2,034,297 |
| Public Works | - | 138,747 | 400,470 | - | 60,646 | - | 13,000 | 612,863 |
| Health | 24,942 | - | - | - | - | - | 10,750 | 35,692 |
| Human Services | - | - | - | - | - | - | 336 | 336 |
| Conservation-Recreation | 15,354 | - | - | - | - | - | - | 15,354 |
| Capital Outlay | 25,717 | - | 178,523 | 5,215 | - | 397,263 | 21,670 | 628,388 |
| Debt Service: | | | | | | | | |
| Principal Retirement | - | - | 48,341 | 35,074 | - | - | - | 83,415 |
| Interest and Fiscal Charges | - | - | 6,540 | 1,413 | - | - | - | 7,953 |
| <i>Total Disbursements</i> | <u>357,954</u> | <u>138,747</u> | <u>633,874</u> | <u>2,029,921</u> | <u>60,646</u> | <u>397,263</u> | <u>45,756</u> | <u>3,664,161</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>6,798</u> | <u>(13,648)</u> | <u>(289,258)</u> | <u>8,453</u> | <u>(2,385)</u> | <u>(24,410)</u> | <u>24,257</u> | <u>(290,193)</u> |
| Other Financing Sources (Uses) | | | | | | | | |
| Other Debt Proceeds | - | - | 150,000 | - | - | 24,410 | - | 174,410 |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>-</u> | <u>150,000</u> | <u>-</u> | <u>-</u> | <u>24,410</u> | <u>-</u> | <u>174,410</u> |
| <i>Net Change in Fund Balances</i> | <u>6,798</u> | <u>(13,648)</u> | <u>(139,258)</u> | <u>8,453</u> | <u>(2,385)</u> | <u>-</u> | <u>24,257</u> | <u>(115,783)</u> |
| <i>Fund Balances Beginning of Year (restated)</i> | <u>344,993</u> | <u>110,590</u> | <u>384,501</u> | <u>517,327</u> | <u>193,389</u> | <u>-</u> | <u>194,747</u> | <u>1,745,547</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 351,791</u> | <u>\$ 96,942</u> | <u>\$ 245,243</u> | <u>\$ 525,780</u> | <u>\$ 191,004</u> | <u>\$ -</u> | <u>\$ 219,004</u> | <u>\$ 1,629,764</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 256,031 | \$ 192,266 | \$ 251,839 | \$ 59,573 |
| Licenses, Permits and Fees | 40,380 | 40,380 | 29,908 | (10,472) |
| Intergovernmental | 35,970 | 99,736 | 44,588 | (55,148) |
| Earnings on Investments | 3,000 | 13,435 | 16,315 | 2,880 |
| Miscellaneous | 30,000 | 30,000 | 22,102 | (7,898) |
| <i>Total Receipts</i> | <u>365,381</u> | <u>375,817</u> | <u>364,752</u> | <u>(11,065)</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 395,112 | 360,287 | 245,863 | 114,424 |
| Public Safety | - | 46,078 | 46,078 | - |
| Health | 30,000 | 30,000 | 24,942 | 5,058 |
| Conservation-Recreation | 16,500 | 16,500 | 15,354 | 1,146 |
| Capital Outlay | 52,000 | 40,748 | 25,717 | 15,031 |
| <i>Total Disbursements</i> | <u>493,612</u> | <u>493,613</u> | <u>357,954</u> | <u>135,659</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(128,231)</u> | <u>(117,796)</u> | <u>6,798</u> | <u>124,594</u> |
| <i>Net Change in Fund Balance</i> | (128,231) | (117,796) | 6,798 | 124,594 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 344,993 | 344,993 | 344,993 | - |
| Prior Year Encumbrances Appropriated | - | - | - | - |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$ 216,762</u> | <u>\$ 227,197</u> | <u>\$ 351,791</u> | <u>\$ 124,594</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax
For the Year Ended December 31, 2019

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | Actual | |
| Receipts | | | | |
| Charges for Services | \$ 5,000 | \$ 9,594 | \$ 9,594 | \$ - |
| Intergovernmental | 84,071 | 84,071 | 113,176 | 29,105 |
| Earnings on Investments | 350 | 1,065 | 1,241 | 176 |
| Miscellaneous | 350 | 350 | 1,088 | 738 |
| <i>Total Receipts</i> | <u>89,771</u> | <u>95,080</u> | <u>125,099</u> | <u>30,019</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | <u>153,075</u> | <u>153,075</u> | <u>138,747</u> | <u>14,328</u> |
| <i>Total Disbursements</i> | <u>153,075</u> | <u>153,075</u> | <u>138,747</u> | <u>14,328</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(63,304)</u> | <u>(57,995)</u> | <u>(13,648)</u> | <u>44,347</u> |
| <i>Net Change in Fund Balance</i> | (63,304) | (57,995) | (13,648) | 44,347 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 110,590 | 110,590 | 110,590 | - |
| Prior Year Encumbrances Appropriated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$ 47,286</u> | <u>\$ 52,595</u> | <u>\$ 96,942</u> | <u>\$ 44,347</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge
For the Year Ended December 31, 2019

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 316,000 | \$ 316,000 | \$ 324,262 | \$ 8,262 |
| Intergovernmental | - | - | 16,880 | 16,880 |
| Miscellaneous | 1,100 | 1,100 | 3,474 | 2,374 |
| <i>Total Receipts</i> | <u>317,100</u> | <u>317,100</u> | <u>344,616</u> | <u>27,516</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 367,600 | 411,378 | 400,470 | 10,908 |
| Capital Outlay | 3,000 | 178,600 | 178,523 | 77 |
| Debt Service: | | | | |
| Principal Retirement | 39,000 | 48,622 | 48,341 | 281 |
| Interest and Fiscal Charges | 8,000 | 7,000 | 6,540 | 460 |
| <i>Total Disbursements</i> | <u>417,600</u> | <u>645,600</u> | <u>633,874</u> | <u>11,726</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(100,500)</u> | <u>(328,500)</u> | <u>(289,258)</u> | <u>39,242</u> |
| Other Financing Sources (Uses) | | | | |
| Other Debt Proceeds | - | 150,000 | 150,000 | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>150,000</u> | <u>150,000</u> | <u>-</u> |
| <i>Net Change in Fund Balance</i> | (100,500) | (178,500) | (139,258) | 39,242 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 285,687 | 285,687 | 285,687 | - |
| Prior Year Encumbrances Appropriated | 98,814 | 98,814 | 98,814 | - |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$ 284,001</u> | <u>\$ 206,001</u> | <u>\$ 245,243</u> | <u>\$ 39,242</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire and Emergency
For the Year Ended December 31, 2019

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 1,779,000 | \$ 1,779,000 | \$ 1,728,984 | \$ (50,016) |
| Charges for Services | 260,000 | 260,000 | 229,908 | (30,092) |
| Intergovernmental | - | - | 55,072 | 55,072 |
| Miscellaneous | 3,250 | 26,800 | 24,410 | (2,390) |
| <i>Total Receipts</i> | <u>2,042,250</u> | <u>2,065,800</u> | <u>2,038,374</u> | <u>(27,426)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | 2,226,143 | 2,226,143 | 1,988,219 | 237,924 |
| Capital Outlay | 5,215 | 5,215 | 5,215 | - |
| Debt Service: | | | | |
| Principal Retirement | 34,707 | 35,074 | 35,074 | - |
| Interest and Fiscal Charges | 1,796 | 1,429 | 1,413 | 16 |
| <i>Total Disbursements</i> | <u>2,267,861</u> | <u>2,267,861</u> | <u>2,029,921</u> | <u>237,940</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(225,611)</u> | <u>(202,061)</u> | <u>8,453</u> | <u>210,514</u> |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net Change in Fund Balance</i> | (225,611) | (202,061) | 8,453 | 210,514 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 517,327 | 517,327 | 517,327 | - |
| Prior Year Encumbrances Appropriated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$ 291,716</u> | <u>\$ 315,266</u> | <u>\$ 525,780</u> | <u>\$ 210,514</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Permissive Motor Vehicle License Tax
For the Year Ended December 31, 2019

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 35,775 | \$ 35,775 | \$ 45,306 | \$ 9,531 |
| Intergovernmental | 7,555 | 7,555 | 10,447 | 2,892 |
| Earnings on Investments | 225 | 2,147 | 2,508 | 361 |
| <i>Total Receipts</i> | <u>43,555</u> | <u>45,477</u> | <u>58,261</u> | <u>12,784</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 105,000 | 105,000 | 60,646 | 44,354 |
| <i>Total Disbursements</i> | <u>105,000</u> | <u>105,000</u> | <u>60,646</u> | <u>44,354</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(61,445)</u> | <u>(59,523)</u> | <u>(2,385)</u> | <u>57,138</u> |
| <i>Net Change in Fund Balance</i> | (61,445) | (59,523) | (2,385) | 57,138 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 193,389 | 193,389 | 193,389 | - |
| Prior Year Encumbrances Appropriated | - | - | - | - |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$ 131,944</u> | <u>\$ 133,866</u> | <u>\$ 191,004</u> | <u>\$ 57,138</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 Fiscal Officer.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in Ohio Township Risk Management Authority (OTARMA) which is an insurance risk sharing pool available to Ohio townships. Note 6 to the financial statements provides additional information for this entity. 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 the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of 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 are 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.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General The general fund accounts for and reports 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.

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Fire and Emergency Levy Fund The fire and emergency levy fund accounts for and reports property tax (inside millage), levy tax, local income tax (JEDD) and contracted services for the purpose of providing residents with fire and emergency services.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) and local income tax (JEDD) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Permissive Motor Vehicle License Tax Fund The permissive motor vehicle license tax fund accounts for and reports the permissive tax levied by the county and township.

Public Works Commission Project Fund The public works commission project fund accounts for and reports State OPWC grant money restricted for the purpose of improving Township infrastructure.

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 liabilities and the related expenses) are not recorded in these financial statements.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Budgetary Process

All funds, except agency 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 resolution, 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 resolution 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 fund and 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 Fiscal Officer. 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 resolution 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 resolution 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.

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".

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2019, the Township invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2019 was \$16,315. Interest receipts credited to other Township funds during 2019 was \$3,763.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The township did not have any restricted assets at December 31, 2019.

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.

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.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

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 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is 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 position 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 position are available.

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 category includes amounts that cannot be spent because they are not in spendable form, or are 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. It also includes the long-term amount of interfund loans.

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 formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – 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 Balance – Budget and Actual – Budgetary Basis presented for the general fund is (and any major special revenue fund 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 as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis).

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4 – 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) 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.

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. Except as noted above, 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 clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of December 31, 2019, the Township had the following investments:

| | Measurement Value | Maturity |
|-----------------|-------------------|------------------|
| STAR Ohio | 786,285 | Less than 1 year |
| Total Portfolio | \$786,285 | |

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2019, was \$9.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

| | |
|----------------------------------|-----------------------------|
| Real Property | \$183,831,680 |
| Public Utility Personal Property | <u>5,140,950</u> |
| Total | <u><u>\$188,972,630</u></u> |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 6 – Risk Management

Risk Pool Membership

The (Township) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (Township's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | 2019 |
|-----------------------|---------------|
| Cash and investments | \$35,207,320 |
| Actuarial liabilities | \$ 10,519,942 |

Note 7 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than full-time firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

| Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013 | Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013 | Group C Members not in other Groups and members hired on or after January 7, 2013 |
|--|--|--|
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 |
| Public Safety | Public Safety | Public Safety |
| Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit |
| Law Enforcement | Law Enforcement | Law Enforcement |
| Age and Service Requirements: Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit |
| Public Safety and Law Enforcement | Public Safety and Law Enforcement | Public Safety and Law Enforcement |
| Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

| | <u>State and Local</u> | <u>Public Safety</u> | <u>Law Enforcement</u> |
|--|----------------------------|--------------------------|----------------------------|
| 2019 Statutory Maximum Contribution Rates | | | |
| Employer | 14.0 % | 18.1 % | 18.1 % |
| Employee *** | 10.0 % | * | ** |
| 2019 Actual Contribution Rates | | | |
| Employer: | | | |
| Pension | 14.0 % | 18.1 % | 18.1 % |
| Post-employment Health Care Benefits **** | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Total Employer | <u>14.0 %</u> | <u>18.1 %</u> | <u>18.1 %</u> |
| Employee | <u>10.0 %</u> | <u>12.0 %</u> | <u>13.0 %</u> |

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$26,336 for the year 2019.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – Township full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | Police | Firefighters |
|--|---------|--------------|
| 2019 Statutory Maximum Contribution Rates | | |
| Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |
| 2019 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 19.00 % | 23.50 % |
| Post-employment Health Care Benefits | 0.50 | 0.50 |
| Total Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OP&F was \$201,489 for 2019.

Social Security

The Township's part-time firefighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The 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 postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$0 for the year 2019.

Ohio Police and Fire Pension Fund

Plan Description – 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 a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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 health care coverage to eligible participants and to establish and amend benefits is 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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – 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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care 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.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Township's contractually required contribution to OP&F was \$4,322 for 2019.

Note 9 – Debt

| Debt Issue | Interest Rate | Original Issue Amount | Date of Maturity |
|-------------------------|---------------|-----------------------|------------------|
| OPWC Loan CQ28T | 0.00% | \$106,217 | 2022 |
| 2015 Fire Turn Out Gear | 3.51% | \$44,600 | 2019 |
| 2016 Stryker Cot | 0.00% | \$46,283 | 2021 |
| 2016 Chief Vehicle | 2.75% | \$82,000 | 2021 |
| Kenworth Dump Truck | 3.25% | \$200,990 | 2023 |
| OPWC Loan CQ15V | 0.00% | \$24,410 | 2025 |
| Tractor and Mower | 3.97% | \$150,000 | 2024 |

The Township's long-term debt activity for the year ended December 31, 2019, was as follows:

| | Amount | | | Amount | |
|--------------------------------------|-------------------------|------------------|-----------------|-------------------------|-------------------------------|
| | Outstanding 12/31/18 | Additions | Deletions | Outstanding 12/31/19 | Amounts Due in One Year |
| Governmental Activities | | | | | |
| OPWC Loan CQ28T | 63,730 | - | 10,622 | 53,108 | 21,243 |
| 2015 Fire Turn Out Gear | 9,417 | - | 9,417 | - | - |
| 2016 Stryker Cot | 18,514 | - | 9,257 | 9,257 | 9,257 |
| 2016 Chief Vehicle | 49,200 | - | 16,400 | 32,800 | 16,400 |
| Kenworth Dump Truck | 200,990 | - | 37,719 | 163,271 | 38,916 |
| OPWC Loan CQ15V | - | 24,410 | - | 24,410 | 2,441 |
| Tractor and Mower | - | 150,000 | - | 150,000 | 27,699 |
| Total Governmental Activities | \$341,851 | \$174,410 | \$83,415 | \$432,846 | \$115,956 |

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The Township entered into a loan agreement for \$106,217 with the Ohio Public Works Commission in accordance with § 164.05 of the Ohio Revised Code and §164-1-21 of the Ohio Administrative Code. This agreement was to help finance the street improvement project on Gibson Road Phase Ib. The Township will pay Ohio Public Works Commission semi-annual payments for 5 years.

In June 2015, the Township secured a loan from Kansas State Bank in the amount of \$44,600 for the purchase of a fire turn out gear. Terms of this loan require annual payments over 4 years at 3.51% APR.

In March 2016, the Township financed a cot system through Stryker Flex Financial in the amount of 46,283. Terms of this loan require annual payments over 5 years at 0% APR. In December 2016, the Township secured a loan from Vinton National Bank in the amount of \$82,000 for the purchase of a vehicle for the fire chief. Terms of this loan require annual payments over 5 years at 2.75% APR.

In April 2018, the Township secured a loan from Vinton National Bank in the amount of \$200,990 for the purchase of a Kenworth Truck. Terms of this loan require annual payments over 5 years at 3.25% interest.

The Township entered into a loan agreement for \$24,410 with the Ohio Public Works Commission in accordance with § 164.05 of the Ohio Revised Code and §164-1-21 of the Ohio Administrative Code. This agreement was to help finance the street improvement project on Gibson Road Phase Id. The Township will pay Ohio Public Works Commission semi-annual payments for 5 years.

In September 2019, the Township secured a loan from Vinton National Bank in the amount of \$150,000 for the purchase of a Tractor and Mower. Terms of this loan require annual payments over 5 years at 3.97% interest

Amortization

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

| Year ending December 31: | 2016 Stryker Cot | 2016 Chief Vehicle | Tractor and Mower Loan | OPWC Loans | Kenworth Dump Truck |
|-----------------------------|---------------------|-----------------------|---------------------------|------------|------------------------|
| 2020 | \$9,257 | \$17,430 | \$33,670 | \$23,684 | \$44,259 |
| 2021 | - | 17,430 | 33,670 | 26,126 | 44,259 |
| 2022 | - | - | 33,670 | 15,502 | 44,259 |
| 2023 | - | - | 33,670 | 4,882 | 44,259 |
| 2024 | - | - | 33,670 | 4,882 | - |
| 2025-2029 | - | - | - | 2,442 | - |
| Total | \$9,257 | \$34,860 | \$168,350 | \$77,518 | \$177,036 |

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 11 – Joint Ventures

The Township is a member of Joint Economic Development District (JEDD) with the City of Grove City and the Village of Commercial Point. The City of Grove City provides the city services to business within the District and subsequently is permitted to collect income tax on those employees of the business district. At the same time, the JEDD prevents the annexation of Township property by the City and maintains the Township’s property tax base. In the event of termination of the contract, all party revenue is split equally, while the Project Revenue is distributed to the Township for purposes which benefit the District as determined by the Township Trustees.

Note 12 – Fund Balances

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

| Fund Balances | General | Gasoline Tax | Road and Bridge | Fire and Emergency |
|--|---------|-----------------|--------------------|-----------------------|
| Restricted for | | | | |
| Capital Projects | - | - | - | - |
| Cemetery | - | - | - | - |
| Fire Operations | - | - | - | 525,780 |
| Road and Bridge Maintenance and Improvements | - | 96,942 | 245,243 | - |
| <i>Total Restricted</i> | - | 96,942 | 245,243 | 525,780 |
| Unassigned (Deficit) | 351,791 | - | - | - |
| <i>Total Fund Balances</i> | 351,791 | 96,942 | 245,243 | 525,780 |

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

| Permissive Motor Vehicle License | OPWC | Other Governmental Funds | Total |
|--|------|--------------------------------|-----------|
| - | - | 132,318 | 132,318 |
| - | - | 77,601 | 77,601 |
| - | - | - | 525,780 |
| 191,004 | - | 9,085 | 542,274 |
| 191,004 | - | 219,004 | 1,277,973 |
| - | - | - | 351,791 |
| 191,004 | - | 219,004 | 1,629,764 |

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 – Restatement of Beginning Cash Balances

A restatement was made to beginning cash balances to account for old reconciling items being cleared from the Township’s accounting system. These adjustments had the follow effect on the Township’s cash balances:

| | |
|---|--|
| Cash Balance December 31, 2018 | <u>Special Revenue Funds</u> \$ 516,601 |
| Adjustments: | |
| Fund Balance Adjustment - Fire and Emergency Fund | 726 |
| Restated cash Balance, January 1, 2019 | <u>\$ 517,327</u> |

THIS PAGE IS INTENTIONALLY LEFT BLANK

Scioto Township
Pickaway County, Ohio
Statement of Net Position - Cash Basis
For the Year Ended December 31, 2018

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,744,821 |
| <i>Total Assets</i> | <i>\$ 1,744,821</i> |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$ 117,369 |
| Other Purposes | 1,282,459 |
| Unrestricted | 344,993 |
| <i>Total Net Position</i> | <i>\$ 1,744,821</i> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

| | Program Cash Receipts | | | | Net (Disbursements) |
|--------------------------------------|-----------------------|--------------------------------|------------------------------------|----------------------------------|---|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Receipts and Changes in Net Position |
| | | | | | Governmental Activities |
| Governmental Activities | | | | | |
| Current: | | | | | |
| General Government | \$ 293,338 | \$ 8,524 | \$ - | \$ - | \$ (284,814) |
| Public Safety | 1,854,998 | 288,732 | - | - | (1,566,266) |
| Public Works | 303,039 | 37,518 | 125,993 | - | (139,528) |
| Health | 50,540 | 12,069 | - | - | (38,471) |
| Human Services | 19 | 16,549 | - | - | 16,530 |
| Conservation-Recreation | 3,253 | - | - | 4,969 | 1,716 |
| Other | - | 40,163 | - | - | 40,163 |
| Capital Outlay | 264,978 | - | - | - | (264,978) |
| Debt Service: | | | | | |
| Principal Retirement | 66,571 | - | - | - | (66,571) |
| Interest and Fiscal Charges | 1,781 | - | - | - | (1,781) |
| Total Governmental Activities | \$ 2,838,517 | \$ 403,555 | \$ 125,993 | \$ 4,969 | (2,304,000) |
| | | General Receipts: | | | |
| | | | | | 1,210,146 |
| | | | | | 1,070,755 |
| | | | | | 179,759 |
| | | | | | 200,990 |
| | | | | | 1,950 |
| | | | | | 17,779 |
| | | | | | 38,567 |
| | | | | | <u>2,719,946</u> |
| | | | | | Change in Net Position 415,946 |
| | | | | | <u>Net Position Beginning of Year 1,328,875</u> |
| | | | | | <u>Net Position End of Year \$ 1,744,821</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
 December 31, 2018

| | General | Road and Bridge | Fire and Emergency | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|--------------------|-----------------------|--------------------------------|--------------------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 344,993 | \$ 395,123 | \$ 516,601 | \$ 488,104 | \$ 1,744,821 |
| <i>Total Assets</i> | <u>\$ 344,993</u> | <u>\$ 395,123</u> | <u>\$ 516,601</u> | <u>\$ 488,104</u> | <u>\$ 1,744,821</u> |
| Fund Balances | | | | | |
| Restricted | \$ - | \$ 395,123 | \$ 516,601 | \$ 488,104 | \$ 1,399,828 |
| Unassigned (Deficit) | 344,993 | - | - | - | 344,993 |
| <i>Total Fund Balances</i> | <u>\$ 344,993</u> | <u>\$ 395,123</u> | <u>\$ 516,601</u> | <u>\$ 488,104</u> | <u>\$ 1,744,821</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

| | General | Road and Bridge | Fire and Emergency | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|--------------------|-----------------------|--------------------------------|--------------------------------|
| Receipts | | | | | |
| Property and Other Local Taxes | \$ 229,310 | \$ 303,093 | \$ 1,693,220 | \$ 69,641 | \$ 2,295,264 |
| Charges for Services | - | - | 288,732 | 11,435 | 300,167 |
| Licenses, Permits and Fees | 37,252 | - | - | 28,618 | 65,870 |
| Intergovernmental | 55,127 | 33,509 | 114,278 | 125,993 | 328,907 |
| Earnings on Investments | 13,981 | - | - | 3,798 | 17,779 |
| Miscellaneous | 10,766 | 9,113 | 22,223 | 77 | 42,179 |
| <i>Total Receipts</i> | <u>346,436</u> | <u>345,715</u> | <u>2,118,453</u> | <u>239,562</u> | <u>3,050,166</u> |
| Disbursements | | | | | |
| Current: | | | | | |
| General Government | 293,338 | - | - | - | 293,338 |
| Public Safety | - | - | 1,854,998 | - | 1,854,998 |
| Public Works | - | 176,388 | - | 126,651 | 303,039 |
| Health | 27,506 | - | - | 23,034 | 50,540 |
| Human Services | - | - | - | 19 | 19 |
| Conservation-Recreation | 3,253 | - | - | - | 3,253 |
| Capital Outlay | - | 259,698 | 5,280 | - | 264,978 |
| Debt Service: | | | | | |
| Principal Retirement | - | 31,865 | 34,706 | - | 66,571 |
| Interest and Fiscal Charges | - | - | 1,781 | - | 1,781 |
| <i>Total Disbursements</i> | <u>324,097</u> | <u>467,951</u> | <u>1,896,765</u> | <u>149,704</u> | <u>2,838,517</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>22,339</u> | <u>(122,236)</u> | <u>221,688</u> | <u>89,858</u> | <u>211,649</u> |
| Other Financing Sources (Uses) | | | | | |
| Other Debt Proceeds | - | 200,990 | - | - | 200,990 |
| Sale of Capital Assets | 1,130 | - | 820 | - | 1,950 |
| Other Financing Sources | 1,357 | - | - | - | 1,357 |
| <i>Total Other Financing Sources (Uses)</i> | <u>2,487</u> | <u>200,990</u> | <u>820</u> | <u>-</u> | <u>204,297</u> |
| <i>Net Change in Fund Balances</i> | 24,826 | 78,754 | 222,508 | 89,858 | 415,946 |
| <i>Fund Balances Beginning of Year</i> | <u>320,167</u> | <u>305,747</u> | <u>294,093</u> | <u>408,868</u> | <u>1,328,875</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 344,993</u> | <u>\$ 384,501</u> | <u>\$ 516,601</u> | <u>\$ 498,726</u> | <u>\$ 1,744,821</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 219,751 | \$ 227,001 | \$ 229,310 | \$ 2,309 |
| Licenses, Permits and Fees | 40,380 | 25,380 | 37,252 | 11,872 |
| Intergovernmental | 35,970 | 55,000 | 55,127 | 127 |
| Earnings on Investments | 3,000 | 10,000 | 13,981 | 3,981 |
| Miscellaneous | 5,000 | 5,000 | 10,766 | 5,766 |
| <i>Total Receipts</i> | <u>304,101</u> | <u>322,381</u> | <u>346,436</u> | <u>24,055</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 301,497 | 412,512 | 293,338 | 119,174 |
| Health | 25,000 | 27,600 | 27,506 | 94 |
| Conservation-Recreation | - | 8,000 | 3,253 | 4,747 |
| Capital Outlay | 50,000 | - | - | - |
| <i>Total Disbursements</i> | <u>376,497</u> | <u>448,112</u> | <u>324,097</u> | <u>124,015</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(72,396)</u> | <u>(125,731)</u> | <u>22,339</u> | <u>148,070</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | - | - | 1,130 | 1,130 |
| Other Financing Uses | - | - | 1,357 | 1,357 |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>-</u> | <u>2,487</u> | <u>2,487</u> |
| <i>Net Change in Fund Balance</i> | (72,396) | (125,731) | 24,826 | 150,557 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 314,909 | 314,909 | 314,909 | - |
| Prior Year Encumbrances Appropriated | <u>5,258</u> | <u>5,258</u> | <u>5,258</u> | <u>-</u> |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$ 247,771</u> | <u>\$ 194,436</u> | <u>\$ 344,993</u> | <u>\$ 150,557</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge
For the Year Ended December 31, 2018

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 287,000 | \$ 308,000 | \$ 303,093 | \$ (4,907) |
| Intergovernmental | 15 | 33,000 | 33,509 | 509 |
| Miscellaneous | 1,100 | 9,100 | 9,113 | 13 |
| <i>Total Receipts</i> | <u>288,115</u> | <u>350,100</u> | <u>345,715</u> | <u>(4,385)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 342,600 | 364,257 | 176,388 | 187,869 |
| Capital Outlay | 40,000 | 263,090 | 259,698 | 3,392 |
| Debt Service: | | | | |
| Principal Retirement | - | 31,865 | 31,865 | - |
| <i>Total Disbursements</i> | <u>382,600</u> | <u>659,212</u> | <u>467,951</u> | <u>191,261</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(94,485)</u> | <u>(309,112)</u> | <u>(122,236)</u> | <u>186,876</u> |
| Other Financing Sources (Uses) | | | | |
| Other Debt Proceeds | - | 200,990 | 200,990 | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>200,990</u> | <u>200,990</u> | <u>-</u> |
| <i>Net Change in Fund Balance</i> | (94,485) | (108,122) | 78,754 | 186,876 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 305,714 | 305,714 | 305,714 | - |
| Prior Year Encumbrances Appropriated | <u>33</u> | <u>33</u> | <u>33</u> | <u>-</u> |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$ 211,262</u> | <u>\$ 197,625</u> | <u>\$ 384,501</u> | <u>\$ 186,876</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire and Emergency
For the Year Ended December 31, 2018

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 1,682,500 | \$ 1,693,000 | \$ 1,693,220 | \$ 220 |
| Charges for Services | 160,000 | 300,000 | 288,732 | (11,268) |
| Intergovernmental | - | 106,000 | 114,278 | 8,278 |
| Miscellaneous | 3,250 | 23,000 | 22,223 | (777) |
| <i>Total Receipts</i> | <u>1,845,750</u> | <u>2,122,000</u> | <u>2,118,453</u> | <u>(3,547)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | 1,731,378 | 1,927,816 | 1,854,998 | 72,818 |
| Capital Outlay | - | 5,280 | 5,280 | - |
| Debt Service: | | | | |
| Principal Retirement | 35,600 | 34,706 | 34,706 | - |
| Interest and Fiscal Charges | 2,500 | 1,784 | 1,781 | 3 |
| <i>Total Disbursements</i> | <u>1,769,478</u> | <u>1,969,586</u> | <u>1,896,765</u> | <u>72,821</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>76,272</u> | <u>152,414</u> | <u>221,688</u> | <u>69,274</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | - | - | 820 | 820 |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>-</u> | <u>820</u> | <u>820</u> |
| <i>Net Change in Fund Balance</i> | 76,272 | 152,414 | 222,508 | 70,094 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 289,904 | 289,904 | 289,904 | - |
| Prior Year Encumbrances Appropriated | 4,189 | 4,189 | 4,189 | - |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$ 370,365</u> | <u>\$ 446,507</u> | <u>\$ 516,601</u> | <u>\$ 70,094</u> |

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 Fiscal Officer.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in Ohio Township Risk Management Authority (OTARMA) which is an insurance risk sharing pool available to Ohio townships. Note 6 to the financial statements provides additional information for this entity. 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 the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of 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 are 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.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General The general fund accounts for and reports 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.

Fire and Emergency Levy Fund The fire and emergency levy fund accounts for and reports property tax (inside millage), levy tax, local income tax (JEDD) and contracted services for the purpose of providing residents with fire and emergency services.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) and local income tax (JEDD) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

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 liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds, except agency 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 resolution, 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 resolution 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 fund and object level for all funds.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. 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 resolution 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 resolution 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.

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”.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2018, the Township invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2018 was \$13,981. Interest receipts credited to other Township funds during 2018 was \$3,798.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The township did not have any restricted assets at December 31, 2018.

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.

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.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

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 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is 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 position 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 position are available.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 category includes amounts that cannot be spent because they are not in spendable form, or are 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. It also includes the long-term amount of interfund loans.

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 formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – 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 Balance – Budget and Actual – Budgetary Basis presented for the general fund is (and any major special revenue fund 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 as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

Note 4 – 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) 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.

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. Except as noted above, 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.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of December 31, 2018, the Township had the following investments:

| | Measurement Value | Maturity |
|-----------------|-------------------|------------------|
| STAR Ohio | 769,482 | Less than 1 year |
| Total Portfolio | \$769,482 | |

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The full tax rate for all Township operations for the year ended December 31, 2018, was \$9.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

| | |
|----------------------------------|---------------|
| Real Property | \$175,698,070 |
| Public Utility Personal Property | 4,894,850 |
| Total | \$180,592,920 |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

Risk Pool Membership

The (Township) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (Township’s) policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | |
|-----------------------|--------------|
| | <u>2018</u> |
| Cash and investments | \$33,097,416 |
| Actuarial liabilities | \$ 7,874,610 |

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than full-time firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

| Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013 | Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013 | Group C Members not in other Groups and members hired on or after January 7, 2013 |
|--|--|--|
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 |
| Public Safety | Public Safety | Public Safety |
| Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit |
| Law Enforcement | Law Enforcement | Law Enforcement |
| Age and Service Requirements: Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit |
| Public Safety and Law Enforcement | Public Safety and Law Enforcement | Public Safety and Law Enforcement |
| Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | <u>State and Local</u> | <u>Public Safety</u> | <u>Law Enforcement</u> |
|--|----------------------------|--------------------------|----------------------------|
| 2018 Statutory Maximum Contribution Rates | | | |
| Employer | 14.0 % | 18.1 % | 18.1 % |
| Employee *** | 10.0 % | * | ** |
| 2018 Actual Contribution Rates | | | |
| Employer: | | | |
| Pension | 14.0 % | 18.1 % | 18.1 % |
| Post-employment Health Care Benefits **** | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Total Employer | <u>14.0 %</u> | <u>18.1 %</u> | <u>18.1 %</u> |
| Employee | <u>10.0 %</u> | <u>12.0 %</u> | <u>13.0 %</u> |

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$19,660 for the year 2018.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – Township full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | Police | Firefighters |
|--|-------------|--------------|
| 2018 Statutory Maximum Contribution Rates | | |
| Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |
| 2018 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 19.00 % | 23.50 % |
| Post-employment Health Care Benefits | 0.50 | 0.50 |
| Total Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |

Employer contribution rates are expressed as a percentage of covered payroll. The Township’s contractually required contribution to OP&F was \$2015,564 for 2018.

Social Security

The Township’s part-time firefighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The 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 postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$0 for the year 2018.

Ohio Police and Fire Pension Fund

Plan Description – 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 a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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 health care coverage to eligible participants and to establish and amend benefits is 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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – 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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care 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.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Township's contractually required contribution to OP&F was \$4,409 for 2018.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

| Debt Issue | Rate | Issue Amount | Date of Maturity |
|-------------------------|-------|--------------|------------------|
| OPWC Loan CQ28T | 0.00% | \$106,217 | 2022 |
| 2015 Fire Turn Out Gear | 3.51% | \$44,600 | 2019 |
| 2016 Stryker Cot | 0.00% | \$46,283 | 2021 |
| 2016 Chief Vehicle | 2.75% | \$82,000 | 2021 |
| Kenworth Dump Truck | 3.25% | \$200,990 | 2023 |

The Township’s long-term debt activity for the year ended December 31, 2018, was as follows:

| | Amount Outstanding 12/31/17 | Additions | Deletions | Amount Outstanding 12/31/18 | Amounts Due in One Year |
|--------------------------------|-----------------------------------|------------------|-----------------|-----------------------------------|-------------------------------|
| Governmental Activities | | | | | |
| OPWC Loan CQ28T | \$95,595 | \$0 | \$31,865 | \$63,730 | \$10,622 |
| 2015 Fire Turn Out Gear | 18,467 | 0 | 9,050 | 9,417 | 9,417 |
| 2016 Stryker Cot | 27,770 | 0 | 9,256 | 18,514 | 9,257 |
| 2016 Chief Vehicle | 65,600 | 0 | 16,400 | 49,200 | 16,400 |
| Kenworth Dump Truck | 0 | 200,990 | 0 | 200,990 | 37,719 |
| Total Governmental Activities | <u>\$207,432</u> | <u>\$200,990</u> | <u>\$66,571</u> | <u>\$341,851</u> | <u>\$83,415</u> |

The Township entered into a loan agreements for \$106,217 with the Ohio Public Works Commission in accordance with § 164.05 of the Ohio Revised Code and §164-1-21 of the Ohio Administrative Code. This agreement was to help finance the street improvement project on Gibson Road Phase Ib. The Township will pay Ohio Public Works Commission semi-annual payments for 5 years.

In June 2015, the Township secured a loan from Kansas State Bank in the amount of \$44,600 for the purchase of a fire turn out gear. Terms of this loan require annual payments over 4 years at 3.51% APR.

In March 2016, the Township financed a cot system through Stryker Flex Financial in the amount of 46,283. Terms of this loan require annual payments over 5 years at 0% APR.

In December 2016, the Township secured a loan from Vinton National Bank in the amount of \$82,000 for the purchase of a vehicle for the fire chief. Terms of this loan require annual payments over 5 years at 2.75% APR.

In April 2018, the Township secured a loan from Vinton National Bank in the amount of \$200,990 for the purchase of a Kenworth Truck. Terms of this loan require annual payments over 5 years at 3.25% interest.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Amortization

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

| Year ending December 31: | 2016 Stryker Cot | 2016 Chief Vehicle | 2015 Turnout Gear | OPWC Loans | Kenworth Dump Truck |
|-----------------------------|---------------------|-----------------------|----------------------|-----------------|------------------------|
| 2019 | \$9,257 | \$17,430 | \$9,800 | \$10,622 | \$44,259 |
| 2020 | 9,257 | 17,430 | - | 21,244 | 44,259 |
| 2021 | - | 17,430 | - | 21,244 | 44,259 |
| 2022 | - | - | - | 10,620 | 44,259 |
| 2023 | - | - | - | - | 44,259 |
| Total | <u>\$18,514</u> | <u>\$52,290</u> | <u>\$9,800</u> | <u>\$63,730</u> | <u>\$221,295</u> |

Note 10 – Contingent Liabilities

The township is a defendant in a lawsuit. Although management cannot presently determine the outcome of the suit, the believe the resolution of the matter will not materially adversely affect the Township’s financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Joint Ventures

The Township is a member of Joint Economic Development District (JEDD) with the City of Grove City and the Village of Commercial Point. The City of Grove City provides the city services to business within the District and subsequently is permitted to collect income tax on those employees of the business district. At the same time, the JEDD prevents the annexation of Township property by the City and maintains the Township’s property tax base. In the event of termination of the contract, all party revenue is split equally, while the Project Revenue is distributed to the Township for purposes which benefit the District as determined by the Township Trustees.

Scioto Township
Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 12 – Fund Balances

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

| Fund Balances | General | Road and Bridge | Fire and Emergency | Other Governmental Funds |
|--|-----------------------|-----------------------|-----------------------|--------------------------------|
| Restricted for | | | | |
| Capital Projects | - | - | - | 117,369 |
| Cemetery | - | - | - | 71,614 |
| Fire Operations | - | - | 516,601 | - |
| Road and Bridge Maintenance and Improvements | - | 384,501 | - | 309,743 |
| <i>Total Restricted</i> | <u>-</u> | <u>384,501</u> | <u>516,601</u> | <u>498,726</u> |
| Unassigned (Deficit) | <u>344,993</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Total Fund Balances</i> | <u><u>344,993</u></u> | <u><u>384,501</u></u> | <u><u>516,601</u></u> | <u><u>498,726</u></u> |



**INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Scioto Township, Pickaway County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 24, 2020, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Government'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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-002.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



BHM CPA Group, Inc.
Piketon, Ohio
June 24, 2020

SCIOTO TOWNSHIP
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

FINDING NUMBER 2019-001

Material Weakness- *Financial Reporting*

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Township's internal controls over financial reporting. Misstatements were identified in the following areas:

- Public Works Disbursements;
- Public Safety Disbursements;
- Principal Payments;
- Interest and Fiscal Charges;
- Capital Outlay Disbursements;
- Intergovernmental Receipts;
- Debt Proceeds

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Officials Response: We did not receive a response to this finding.

FINDING NUMBER 2019-002

Noncompliance

Ohio Rev. Code, Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate – If the fiscal officer can certify that both at the time That the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment or the amount due. The Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 maybe paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

SCIOTO TOWNSHIP
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

FINDING NUMBER 2019-002 (Continued)

- B. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any on particular line item appropriation.
- C. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer’s certification was not utilized for several material disbursements made by the Township. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Every effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying funds prior to making a purchase obligation. Failure to properly certify funds could result in overspending and negative fund balances.

The Township should certify purchases to which 5705.41 (D) applies. The most convenient method is to use purchase orders that include the certification language 5705.41 (D) requires to authorize disbursements. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials Response: We did not receive a response to this finding.

OHIO AUDITOR OF STATE KEITH FABER



SCIOTO TOWNSHIP

PICKAWAY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/1/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov