



**SCIPIO TOWNSHIP
MEIGS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**SCIPIO TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Scipio Township
Meigs County
36385 State Route 143
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying financial statements of Scipio Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Scipio Township, Meigs County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 2, 2000

**SCIPIO TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$7,392	\$20,824	\$28,216
Intergovernmental	23,412	80,260	103,672
Loan Revenue		13,108	13,108
Earnings on Investments	1,157	2,626	3,783
Other Revenue	857	181	1,038
	<u>32,818</u>	<u>116,999</u>	<u>149,817</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	26,446		26,446
Public Safety		22,052	22,052
Public Works		79,618	79,618
Health		2,651	2,651
Debt Service:			
Redemption of Principal		1,883	1,883
Interest and Fiscal Charges		121	121
Capital Outlay		3,287	3,287
	<u>26,446</u>	<u>109,612</u>	<u>136,058</u>
Total Cash Disbursements			
	<u>26,446</u>	<u>109,612</u>	<u>136,058</u>
Total Receipts Over/(Under) Disbursements	<u>6,372</u>	<u>7,387</u>	<u>13,759</u>
Other Financing Receipts/(Disbursements):			
Other Sources	536		536
Other Uses		(22,000)	(22,000)
	<u>536</u>	<u>(22,000)</u>	<u>(21,464)</u>
Total Other Financing Receipts/(Disbursements)			
	<u>536</u>	<u>(22,000)</u>	<u>(21,464)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,908	(14,613)	(7,705)
Fund Cash Balances, January 1	40,528	99,343	139,871
Fund Cash Balances, December 31	<u>\$47,436</u>	<u>\$84,730</u>	<u>\$132,166</u>

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

**SCIPIO TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$4,026	\$18,427	\$1,843	\$24,296
Intergovernmental	46,981	77,338		124,319
Loan Revenue		6,391		6,391
Earnings on Investments	895	2,074		2,969
Other Revenue	1,821	3,345		5,166
	<u>53,723</u>	<u>107,575</u>	<u>1,843</u>	<u>163,141</u>
Cash Disbursements:				
Current:				
General Government	22,238			22,238
Public Safety		12,053		12,053
Public Works		71,108		71,108
Health		3,509		3,509
Conservation - Recreation	3,696	528		4,224
Debt Service:				
Redemption of Principal		1,781	1,775	3,556
Interest and Fiscal Charges		223	72	295
	<u>25,934</u>	<u>89,202</u>	<u>1,847</u>	<u>116,983</u>
Total Receipts Over/(Under) Disbursements	<u>27,789</u>	<u>18,373</u>	<u>(4)</u>	<u>46,158</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	741	7,061	2,161	9,963
Transfers-Out	(2,161)	(7,802)		(9,963)
Other Sources	56			56
	<u>(1,364)</u>	<u>(741)</u>	<u>2,161</u>	<u>56</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	26,425	17,632	2,157	46,214
Fund Cash Balances, January 1	<u>14,103</u>	<u>81,711</u>	<u>(2,157)</u>	<u>93,657</u>
Fund Cash Balances, December 31	<u>\$40,528</u>	<u>\$99,343</u>	<u>\$0</u>	<u>\$139,871</u>

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

**SCIPIO TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Scipio Township, Meigs County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Cash accounts are valued at cost. The Township did not have any investments during the audit period.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

Federal Emergency Management Agency Fund - This fund received federal money to repair damage from flooding.

**SCIPIO TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Bond Retirement Fund - This fund receives property tax money for debt payments related to a loan for construction of a fire department building.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$132,166</u>	<u>\$139,871</u>

SCIPIO TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH (Continued)

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

At August 31, 1999, \$19,709 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999, and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,003	\$33,354	\$1,351
Special Revenue	97,858	116,999	19,141
Total	\$129,861	\$150,353	\$20,492

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,530	\$26,446	\$46,084
Special Revenue	196,884	131,612	65,272
Total	\$269,414	\$158,058	\$111,356

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,235	\$54,520	\$8,285
Special Revenue	97,689	114,636	16,947
Debt Service	0	4,004	4,004
Total	\$143,924	\$173,160	\$29,236

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,182	\$28,095	\$30,087
Special Revenue	177,558	97,004	80,554
Debt Service	1,844	1,847	(3)
Total	\$237,584	\$126,946	\$110,638

**SCIPIO TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Bush 5M60 Rotary Cutter Loan	\$982	5.60%

The Bush 5M60 Rotary Cutter Loan was entered into by the Township in 1997. The remaining balance at December 31, 1999 will be repaid in quarterly installments, including interest in the amount of \$501.

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

Year ending December 31:	Bush 5M60 Rotary Cutter Loan
2000	\$1,503

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

SCIPIO TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Public official's liability
- Vehicle

8. DEVELOPMENT FUND

Scipio Township maintains a Development Fund from which it makes home and business loans to residents of and businesses located in the Township. As of December 31, 1999, the Township had loans outstanding to three individuals/businesses. The total principal balance due to the Township as of December 31, 1999, was \$47,695.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Scipio Township
Meigs County
36385 State Route 143
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying financial statements of Scipio Township, Meigs County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 2, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 2, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 2, 2000.

Scipio Township
Meigs County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 2, 2000

**SCIPIO TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
1997-40753-001	A noncompliance citation was issued under Ohio Rev. Code Section 507.11 (B) for disbursements not being signed by at least two Trustees and countersigned by the Clerk.	No	Partially Corrected.
1997-40753-002	A noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for incurring obligations prior to obtaining certification from the Clerk.	No	Partially Corrected.



STATE OF OHIO
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SCIPIO TOWNSHIP

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 30, 2000**