



**SCIOTO TOWNSHIP
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SCIOTO TOWNSHIP
JACKSON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Scioto Township
Jackson County
1021 Van Fossan Road
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the accompanying financial statements of Scioto Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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 discussed 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 Scioto Township, Jackson County, as of December 31, 2000 and 1999, 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 March 26, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

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

March 26, 2001

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**SCIOTO TOWNSHIP
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Total (Memorandum) Only
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local taxes	\$21,480	\$45,679	\$	\$67,159
Intergovernmental	36,555	69,886	88,475	194,916
Interest	394	788		1,182
Other Revenue	1,377	725		2,102
Total Cash Receipts	59,806	117,078	88,475	265,359
Cash Disbursements:				
Current:				
Public Works		88,588		88,588
Public Safety		18,258		18,258
Health	1,016			1,016
Capital Outlay			135,437	135,437
General government	52,721			52,721
Total Cash Disbursements	53,737	106,846	135,437	296,020
Total Cash Receipts Over/(Under) Cash Disbursements	6,069	10,232	(46,962)	(30,661)
Other Financing Sources/(Uses):				
Proceeds from sale of public debt				
Sale of notes			50,090	50,090
Total Other Financing Sources/(Uses):	0	0	50,090	50,090
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	6,069	10,232	3,128	19,429
Fund Cash Balances, January 1	26,901	53,238	13,584	93,723
Fund Cash Balances, December 31	\$32,970	\$63,470	\$16,712	113,152

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

**SCIOTO TOWNSHIP
JACKSON COUNTY**

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

	Governmental Fund Types			Total (Memorandum) Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local taxes	\$18,291	\$42,266	\$	\$60,557
Intergovernmental	34,415	72,239	84,362	191,016
Interest	415	830		1,245
Other Revenue	538	369	2,694	3,601
Total Cash Receipts	<u>53,659</u>	<u>115,704</u>	<u>87,056</u>	<u>256,419</u>
Cash Disbursements:				
Current:				
Public Works		59,071		59,071
Public Safety		34,654		34,654
Capital Outlay			97,357	97,357
General government	51,043			51,043
Debt Service:				
Note Principal Payment			6,370	6,370
Interest			351	351
Total Cash Disbursements	<u>51,043</u>	<u>93,725</u>	<u>104,078</u>	<u>248,846</u>
Total Cash Receipts Over/(Under) Cash Disbursements	2,616	21,979	(17,022)	7,573
Fund Cash Balances, January 1	<u>24,285</u>	<u>31,259</u>	<u>30,606</u>	<u>86,150</u>
Fund Cash Balances, December 31	<u><u>\$26,901</u></u>	<u><u>\$53,238</u></u>	<u><u>\$13,584</u></u>	<u><u>\$93,723</u></u>

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

**SCIOTO TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Scioto Township, Jackson 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 and cemetery maintenance. The Township contracts with the Scioto Township Volunteer Fire Department to provide fire services.

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

The Township had one primary checking account during our 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 for constructing, maintaining and repairing Township roads.

Fire District Fund -This fund receives tax monies to provide fire protection for the Township

**SCIOTO TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

These funds are used to account for proceeds used for the purpose of capital projects engaged by the Township. The Township had the following significant Capital Projects Fund:

Permanent Improvement Fund - This fund received monies from permissive sales tax proceeds for permanent improvement projects within the Township.

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 2000 and 1999 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.

**SCIOTO TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$113,152	\$93,723

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$53,659	\$59,806	\$6,147
Special Revenue	115,704	117,078	1,374
Capital Projects	87,056	138,475	51,419
Total	<u>\$256,419</u>	<u>\$315,359</u>	<u>\$58,940</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$57,115	\$53,737	\$3,378
Special Revenue	120,398	106,846	13,552
Capital Projects	87,000	135,437	(48,437)
Total	<u>\$264,513</u>	<u>\$296,020</u>	<u>(\$31,507)</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$54,530	\$53,659	(\$871)
Special Revenue	113,332	115,704	2,372
Capital Projects	79,075	87,056	7,981
Total	<u>\$246,937</u>	<u>\$256,419</u>	<u>\$9,482</u>

**SCIOTO TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,635	\$51,043	\$5,592
Special Revenue	124,225	93,725	30,500
Capital Projects	79,500	104,078	(24,578)
Total	\$260,360	\$248,846	\$11,514

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, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	\$50,090	6.50%

The general obligation notes were issued to finance the purchase of a Township building.

**SCIOTO TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2001	\$11,789
2002	11,789
2003	11,789
2004	11,789
2005	<u>11,623</u>
Total	<u><u>\$58,779</u></u>

6. RETIREMENT SYSTEMS

The Township's 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 post-retirement 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employer's contribution rate decreased to 8.13% of the participant's gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile liability
- Errors and omissions

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

Scioto Township
Jackson County
1021 Van Fossan Road
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the accompanying financial statements of Scioto Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 26, 2001. 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that requires reporting under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as finding 2000-40740-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 26, 2001.

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 March 26, 2001.

Scioto Township
Jackson County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

March 26, 2001

**SCIOTO TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 and 1999**

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

FINDING NUMBER 2000-40740-001

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

Disbursements exceeded appropriations at the legal level of control in 1999 in the following line items: General Fund-Salaries in the amount of \$4,436; Gasoline Tax Fund-Salaries-Trustees in the amount of \$4,998; Fire Fund-Contracts in the amount of \$1,531; and Permanent Improvement Fund -Tools and Equipment and Repairs in the amount of \$10,021 and 34,936, respectively. Also, disbursements exceeded appropriations at the legal level of control in 2000 in the following line items: General Fund-Repairs in the amount of \$16; Motor Vehicle License Tax Fund - Supplies in the amount of \$14; Gasoline Tax Fund-Salaries-Maintenance and Materials in the amount of \$7,452 and \$3,379, respectively; Road and Bridge Fund-Repairs in the amount of \$37; and Permanent Improvement Fund -Contracts in the amount of \$54,462.

We recommend the Township monitor actual disbursements compared to appropriations amounts and if necessary file an amended appropriation measure. We recommend that all amended appropriations be approved by the Trustees in the minutes. Further, we recommend the Township file an amended appropriation measure when additional funding such as proceeds of notes, inheritance tax or sales tax are received.

**SCIOTO TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 and 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain.
1998-40740-001	<p>In the December 1996 audit of Scioto Township, a Finding for Recovery was issued against Jeff Ross, Trustee, in the amount of \$800 for overpayment of compensation. As of the date of this report, the prior audit finding has not been repaid.</p> <p>It was recommended that the Township Trustees contact the Jackson County Prosecuting Attorney, their statutory legal advisor, for resolution of the issue through possible collection from the Bonding Company.</p>	No	<p>The Township received correspondence from the bankruptcy court stating that the case had been settled for \$.25 on the dollar (\$200) on February 5, 1999. The Township is contacting the new prosecuting attorney for resolution of the issue through possible collection from the Bonding Company.</p>

**SCIOTO TOWNSHIP
JACKSON COUNTY**

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2000 and 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-40740-001	Ohio Rev. Code Section 5705.41(B) The Clerk will monitor disbursements to appropriations. Additionally, the Board of Trustees will not approve disbursements in excess of appropriations.	March 31, 2001	Donna Keller, Township Clerk



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OFFICE OF THE AUDITOR

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SCIOTO TOWNSHIP

JACKSON 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 17, 2001**