

Scioto Township

Pickaway County, Ohio

Regular Audit

For the Years Ended December 31, 2005 and 2004

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639, www.bhsepas.com



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditors' Report* of Scioto Township, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 31, 2006

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528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2005 and 2004 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis 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, 2005 and 2004, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General and major Special Revenue funds, thereof for the years then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2006, 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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audits.

Scioto Township
Independent Auditors' Report

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

As discussed further in Note 3, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosure*, and implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
June 30, 2006

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

This discussion and analysis of Scioto Township's (the Township's) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2005 and 2004, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because 2004 is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not available. Subsequent reports will include the comparative information.

Highlights

Key highlights for 2005 and 2004 are as follows:

Net assets of governmental activities increased \$91,662 or 8.06 percent, in 2005. Net assets of governmental activities increased \$263,319, or 30.11 percent in 2004. The fund most affected by the increase in cash and cash equivalents in 2005 was the General fund, which realized an increase in revenues in 2005. The fund most affected by the increase in 2004 was the Fire and Emergency fund, which realized an increase in revenues in 2004.

The Township's general receipts are primarily property and other local taxes. These receipts represent 36.01 percent of the total cash received for governmental activities during 2005 and 38.40 percent of the total cash received for governmental activities during 2004. Property and other local tax receipts for 2005 increased by 8.56 percent mostly due to increase property values.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005 and 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at years end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as taxes and intergovernmental monies.

In the statement of net assets and the statement of activities, the Township reports only one type of activity:

Governmental activities. All of the Township's basic services are reported here. State grants and property and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental funds.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2005 the Township's major governmental funds are the General, Road and Bridge, Zoning, and Fire and Emergency Funds. For 2004, the Township's major governmental funds are the General, Road and Bridge, Zoning, Fire and Emergency, and Permanent Improvement funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash		
Equivalents	\$1,229,371	\$1,137,709
Total Assets	\$1,229,371	\$1,137,709
Net Assets		
Restricted	\$759,702	\$752,314
Unrestricted	469,669	385,395
Total Net Assets	\$1,229,371	\$1,137,709

As mentioned previously, net assets of governmental activities increased \$91,662 or 8.06 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- General fund revenue increased in 2005 due to increased property and other local tax revenue and earnings on investments.
- Road and Bridge and Fire and Emergency fund revenues increased due to increases in property and other local taxes.

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Net assets of governmental activities increased \$263,319 or 30.11 percent during 2004. The primary reasons contributing to the increase in cash balances are as follows:

- Fire and Emergency revenue increased in 2004 primarily due to a fire training grant being received.
- Road and Bridge expenditures decreased in 2004.

Table 2 reflects the changes in net assets in 2005 and 2004.

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
Receipts:		
Program Receipts:		
Charges for Services	\$802,582	\$768,919
Operating Grants and Contributions	171,156	166,579
Capital Grants and Contributions	164,824	95,773
Total Program Receipts	1,138,562	1,031,271
General Receipts:		
Property and Other Local Taxes	556,236	512,361
Grants and Entitlements Not Restricted to Specific Programs	41,124	49,026
Bonds Issued	0	40,000
Insurance Proceeds	0	2,358
Interest	25,522	9,020
Miscellaneous	17,725	30,104
Total General Receipts	640,607	642,869
Total Receipts	1,779,169	1,674,140
Disbursements:		
General Government	129,641	122,003
Public Safety	967,839	905,263
Public Works	301,378	119,047
Health	19,744	17,928
Capital Outlay	223,577	214,027
Debt Service	45,328	32,553
Total Disbursements	1,687,507	1,410,821
Increase / (Decrease) in Net Assets	91,662	263,319
Net Assets, January 1	1,137,709	874,390
Net Assets, December 31	\$1,229,371	\$1,137,709

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Program receipts represent 63.99 percent of total receipts in 2005 and 61.60 percent of total receipts in 2004 and are comprised of charges for services, operating grants and contributions, and capital grants and contributions.

General receipts represent 36.01 percent of the Township's total receipts for 2005 and 38.40 percent of the Township's total receipts for 2004, and of this amount, 86.83 percent are property and other local taxes in 2005 and 79.70 percent are property and other local taxes in 2004. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board, and the Clerk, Fire, EMS, as well as internal services such as payroll and purchasing.

Governmental Activities

If you look at the Statement of Activities on pages 11 and 12, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. In 2005, the major program disbursements for governmental activities are for public safety and public works, which account for 57.35 and 17.86 percent of all governmental disbursements, respectively. In 2004, the major program disbursements for governmental activities are for public safety and capital outlay, which account for 64.17 and 15.17 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Cash Receipts identifies amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money mainly provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost Of Services 2005	Net Cost/ (Revenue) of Services 2005	Total Cost of Services 2004	Net Cost/ (Revenue) of Services 2004
General Government	\$129,641	\$70,894	\$122,003	\$67,966
Public Safety	967,839	242,353	905,263	178,022
Public Works	301,378	174,930	119,047	19,662
Health	19,744	6,451	17,928	11,593
Capital Outlay	223,577	11,224	214,027	69,754
Debt Service	45,328	43,093	32,553	32,553
Total Expenses	\$1,687,507	\$548,945	\$1,410,821	\$379,550

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

The Township's Funds

Total governmental funds had total receipts of \$1,779,170 and disbursements of \$1,687,507 in 2005 and receipts and other financing sources of \$1,674,140 and disbursements of \$1,410,821 in 2004. The greatest change within governmental funds occurred within the General fund in 2005 and the Fire and Emergency fund in 2004. In 2005, the fund balance of the General Fund increased \$84,274 as the result of increased property tax revenue and earnings on investments. The fund balance of the Fire and Emergency fund increased by \$102,490 in 2004 as a result of an increase in property tax, intergovernmental, and charges for services revenues along with revenue from the sale of bonds.

General Fund and Fire and Emergency Fund Budgeting Highlights

The Township's budget is prepared according to Ohio Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund budgets are the General fund and Fire and Emergency fund.

During the course of calendar years 2005 and 2004 the Township amended its budget only a couple of times. The Township uses fund budgeting and the budgeting systems are designed to tightly control the total funds' budget.

For 2005, General fund budget basis actual receipts were \$188,726. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2005 were \$104,452, \$84,274 under cash receipts. Fire and emergency fund budget basis actual receipts were \$1,053,855. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2005 were \$1,013,167, \$40,688 under cash receipts.

For 2004, General Fund budget basis actual receipts were \$140,717. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2004 were \$104,210, \$36,507 under cash receipts. Fire and emergency fund budget basis actual receipts were \$1,042,948. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2004 were \$982,816, \$60,132 under cash receipts.

Debt

At December 31, 2005, the Township had debt outstanding of \$60,000 for two emergency vehicles. For additional information on debt, see Note 10 to the basic financial statements.

Current Financial Related Activities

Scioto Township is strong financially. As the preceding information shows, the Township heavily depends on its taxpayers. However, financially the future is not without challenges.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Vickie Fleming, Clerk/Treasurer, Scioto Township, P.O. Box 40, Commercial Point, OH 43116 (740) 983-6198.

Scioto Township, Pickaway County
Statement of Net Assets - Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,229,371
<i>Total Assets</i>	<u><u>\$1,229,371</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$105,875
Other Purposes	653,827
Unrestricted	469,669
<i>Total Net Assets</i>	<u><u>\$1,229,371</u></u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Net Assets - Cash Basis
December 31, 2004

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,137,709
<i>Total Assets</i>	<u><u>\$1,137,709</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$117,646
Other Purposes	634,668
Unrestricted	385,395
<i>Total Net Assets</i>	<u><u>\$1,137,709</u></u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 129,641	\$ 58,747	\$ -	\$ -	\$ (70,894)
Public Safety	967,839	683,013	42,473	-	(242,353)
Public Works	301,378	-	126,448	-	(174,930)
Health	19,744	13,293	-	-	(6,451)
Capital Outlay	223,577	47,529	-	164,824	(11,224)
Debt Service	45,328	-	2,235	-	(43,093)
<i>Total Governmental Activities</i>	<u>\$ 1,687,507</u>	<u>\$ 802,582</u>	<u>\$ 171,156</u>	<u>\$ 164,824</u>	<u>\$ (548,945)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					80,059
Other Purposes					476,177
Grants and Entitlements not Restricted to Specific Programs					41,124
Interest					25,522
Miscellaneous					17,725
<i>Total General Receipts</i>					<u>640,607</u>
Change in Net Assets					91,662
<i>Net Assets - Beginning of Year</i>					<u>1,137,709</u>
<i>Net Assets - End of Year</i>					<u>\$ 1,229,371</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 122,003	\$ 54,037	\$ -	\$ -	\$ (67,966)
Public Safety	905,263	660,047	67,194	-	(178,022)
Public Works	119,047	-	99,385	-	(19,662)
Health	17,928	6,335	-	-	(11,593)
Capital Outlay	214,027	48,500	-	95,773	(69,754)
Debt Service	32,553	-	-	-	(32,553)
<i>Total Governmental Activities</i>	<u>\$ 1,410,821</u>	<u>\$ 768,919</u>	<u>\$ 166,579</u>	<u>\$ 95,773</u>	<u>\$ (379,550)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					71,863
Other Purposes					440,498
Grants and Entitlements not Restricted to Specific Programs					49,026
Bonds Issued					40,000
Insurance Proceeds					2,358
Interest					9,020
Miscellaneous					30,104
<i>Total General Receipts</i>					<u>642,869</u>
Change in Net Assets					263,319
<i>Net Assets - Beginning of Year</i>					<u>874,390</u>
<i>Net Assets - End of Year</i>					<u>\$ 1,137,709</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2005

	General Fund	Road and Bridge Fund	Zoning Fund	Fire and Emergency Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 469,669	\$ 102,559	\$ 122,003	\$ 224,598	\$ 310,542	\$ 1,229,371
<i>Total Assets</i>	<u>\$ 469,669</u>	<u>\$ 102,559</u>	<u>\$ 122,003</u>	<u>\$ 224,598</u>	<u>\$ 310,542</u>	<u>\$ 1,229,371</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 469,669	\$ -	\$ -	\$ -	\$ -	\$ 469,669
Special Revenue Funds	-	102,559	122,003	224,598	204,667	653,827
Capital Projects Funds	-	-	-	-	105,875	105,875
<i>Total Fund Balances</i>	<u>\$ 469,669</u>	<u>\$ 102,559</u>	<u>\$ 122,003</u>	<u>\$ 224,598</u>	<u>\$ 310,542</u>	<u>\$ 1,229,371</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	General Fund	Road and Bridge Fund	Zoning Fund	Fire and Emergency Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 385,395	\$ 182,009	\$ 139,735	\$ 183,910	\$ 117,646	\$ 129,014	\$ 1,137,709
<i>Total Assets</i>	<u>\$ 385,395</u>	<u>\$ 182,009</u>	<u>\$ 139,735</u>	<u>\$ 183,910</u>	<u>\$ 117,646</u>	<u>\$ 129,014</u>	<u>\$ 1,137,709</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$ 385,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 385,395
Special Revenue Funds	-	182,009	139,735	183,910	-	129,014	634,668
Capital Projects Funds	-	-	-	-	117,646	-	117,646
<i>Total Fund Balances</i>	<u>\$ 385,395</u>	<u>\$ 182,009</u>	<u>\$ 139,735</u>	<u>\$ 183,910</u>	<u>\$ 117,646</u>	<u>\$ 129,014</u>	<u>\$ 1,137,709</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2005

	General Fund	Road and Bridge Fund	Zoning Fund	Fire and Emergency Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 80,059	\$ 128,997	\$ -	\$ 316,837	\$ 30,343	\$ 556,236
Charges for Services	-	-	-	683,013	-	683,013
Intergovernmental	41,124	21,510	-	44,708	269,762	377,104
Licenses, Permits and Fees	42,702	-	22,023	-	54,844	119,569
Interest	23,711	-	-	-	1,811	25,522
Other	1,130	5,545	-	9,297	1,753	17,725
<i>Total Receipts</i>	<u>188,726</u>	<u>156,052</u>	<u>22,023</u>	<u>1,053,855</u>	<u>358,513</u>	<u>1,779,169</u>
Disbursements						
Current:						
General Government	89,886	-	39,755	-	-	129,641
Public Safety	-	-	-	967,839	-	967,839
Public Works	-	235,502	-	-	65,876	301,378
Health	14,566	-	-	-	5,178	19,744
Capital Outlay	-	-	-	-	223,577	223,577
Debt Service:						
Principal Retirement	-	-	-	40,000	-	40,000
Interest and Fiscal Charges	-	-	-	5,328	-	5,328
<i>Total Disbursements</i>	<u>104,452</u>	<u>235,502</u>	<u>39,755</u>	<u>1,013,167</u>	<u>294,631</u>	<u>1,687,507</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>84,274</u>	<u>(79,450)</u>	<u>(17,732)</u>	<u>40,688</u>	<u>63,882</u>	<u>91,662</u>
<i>Net Change in Fund Balances</i>	84,274	(79,450)	(17,732)	40,688	63,882	91,662
<i>Fund Balances - Beginning of Year</i>	<u>385,395</u>	<u>182,009</u>	<u>139,735</u>	<u>183,910</u>	<u>246,660</u>	<u>1,137,709</u>
<i>Fund Balances - End of Year</i>	<u>\$ 469,669</u>	<u>\$ 102,559</u>	<u>\$ 122,003</u>	<u>\$ 224,598</u>	<u>\$ 310,542</u>	<u>\$ 1,229,371</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General Fund	Road and Bridge Fund	Zoning Fund	Fire and Emergency Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 71,863	\$ 117,549	\$ -	\$ 295,371	\$ -	\$ 27,578	\$ 512,361
Charges for Services	-	-	-	660,046	-	-	660,046
Intergovernmental	49,026	13,715	-	67,194	-	181,443	311,378
Licenses, Permits and Fees	11,243	-	42,795	-	48,500	6,335	108,873
Interest	8,523	-	-	-	-	497	9,020
Other	62	2,098	100	20,337	-	7,507	30,104
<i>Total Receipts</i>	<u>140,717</u>	<u>133,362</u>	<u>42,895</u>	<u>1,042,948</u>	<u>48,500</u>	<u>223,360</u>	<u>1,631,782</u>
Disbursements							
Current:							
General Government	92,143	-	29,860	-	-	-	122,003
Public Safety	-	-	-	905,263	-	-	905,263
Public Works	-	54,418	-	-	-	64,629	119,047
Health	11,977	-	-	-	-	5,951	17,928
Capital Outlay	90	-	-	45,000	72,364	96,573	214,027
Debt Service:							
Principal Retirement	-	-	-	30,000	-	-	30,000
Interest and Fiscal Charges	-	-	-	2,553	-	-	2,553
<i>Total Disbursements</i>	<u>104,210</u>	<u>54,418</u>	<u>29,860</u>	<u>982,816</u>	<u>72,364</u>	<u>167,153</u>	<u>1,410,821</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>36,507</u>	<u>78,944</u>	<u>13,035</u>	<u>60,132</u>	<u>(23,864)</u>	<u>56,207</u>	<u>220,961</u>
Other Financing Sources (Uses)							
Sale of Bonds	-	-	-	40,000	-	-	40,000
Insurance Proceeds	-	-	-	2,358	-	-	2,358
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,358</u>	<u>-</u>	<u>-</u>	<u>42,358</u>
<i>Net Change in Fund Balances</i>	36,507	78,944	13,035	102,490	(23,864)	56,207	263,319
<i>Fund Balances - Beginning of Year</i>	<u>348,888</u>	<u>103,065</u>	<u>126,700</u>	<u>81,420</u>	<u>141,510</u>	<u>72,807</u>	<u>874,390</u>
<i>Fund Balances - End of Year</i>	<u>\$ 385,395</u>	<u>\$ 182,009</u>	<u>\$ 139,735</u>	<u>\$ 183,910</u>	<u>\$ 117,646</u>	<u>\$ 129,014</u>	<u>\$ 1,137,709</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 75,500	\$ 75,500	\$ 80,059	\$ 4,559
Intergovernmental	25,694	25,694	41,124	15,430
Licenses, Permits and Fees	2,500	2,500	42,702	40,202
Interest	8,500	8,500	23,711	15,211
Other	1,000	1,000	1,130	130
<i>Total Receipts</i>	<u>113,194</u>	<u>113,194</u>	<u>188,726</u>	<u>75,532</u>
Disbursements				
Current:				
General Government	121,901	121,901	89,886	32,015
Health	15,500	15,500	14,566	934
Capital Outlay	500	500	-	500
<i>Total Disbursements</i>	<u>137,901</u>	<u>137,901</u>	<u>104,452</u>	<u>33,449</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,707)</u>	<u>(24,707)</u>	<u>84,274</u>	<u>108,981</u>
<i>Net Change in Fund Balance</i>	(24,707)	(24,707)	84,274	108,981
<i>Fund Balance Beginning of Year</i>	<u>385,395</u>	<u>385,395</u>	<u>385,395</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 360,688</u>	<u>\$ 360,688</u>	<u>\$ 469,669</u>	<u>\$ 108,981</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 105,000	\$ 105,000	\$ 128,997	\$ 23,997
Intergovernmental	-	-	21,510	21,510
Other	103	103	5,545	5,442
<i>Total Receipts</i>	<u>105,103</u>	<u>105,103</u>	<u>156,052</u>	<u>50,949</u>
Disbursements				
Current:				
Public Works	282,250	282,250	235,502	46,748
Capital Outlay	2,000	2,000	-	2,000
<i>Total Disbursements</i>	<u>284,250</u>	<u>284,250</u>	<u>235,502</u>	<u>48,748</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(179,147)</u>	<u>(179,147)</u>	<u>(79,450)</u>	<u>99,697</u>
<i>Net Change in Fund Balance</i>	(179,147)	(179,147)	(79,450)	99,697
<i>Fund Balance Beginning of Year</i>	<u>182,009</u>	<u>182,009</u>	<u>182,009</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,862</u>	<u>\$ 2,862</u>	<u>\$ 102,559</u>	<u>\$ 99,697</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire and Emergency Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 302,000	\$ 302,000	\$ 316,837	\$ 14,837
Charges for Services	660,000	660,000	683,013	23,013
Licenses, Permits and Fees				-
Fines and Forfeitures				-
Intergovernmental	40,000	40,000	44,708	4,708
Other	13,412	13,412	9,297	(4,115)
<i>Total Receipts</i>	1,015,412	1,015,412	1,053,855	38,443
Disbursements				
Current:				
General Government	-	-	-	-
Public Safety	998,700	998,700	967,839	30,861
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	40,000	40,000	40,000	-
Interest and Fiscal Charges	5,500	5,500	5,328	172
<i>Total Disbursements</i>	1,044,200	1,044,200	1,013,167	31,033
<i>Excess of Receipts Over (Under) Disbursements</i>	(28,788)	(28,788)	40,688	69,476
<i>Net Change in Fund Balance</i>	(28,788)	(28,788)	40,688	69,476
<i>Fund Balance Beginning of Year</i>	183,910	183,910	183,910	-
<i>Fund Balance End of Year</i>	\$ 155,122	\$ 155,122	\$ 224,598	\$ 69,476

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Zoning Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Licenses, Permits and Fees	\$ 23,446	\$ 23,446	\$ 22,023	\$ (1,423)
<i>Total Receipts</i>	<u>23,446</u>	<u>23,446</u>	<u>22,023</u>	<u>(1,423)</u>
Disbursements				
Current:				
General Government	<u>49,250</u>	<u>49,250</u>	<u>39,755</u>	<u>9,495</u>
<i>Total Disbursements</i>	<u>49,250</u>	<u>49,250</u>	<u>39,755</u>	<u>9,495</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,804)</u>	<u>(25,804)</u>	<u>(17,732)</u>	<u>8,072</u>
<i>Net Change in Fund Balance</i>	(25,804)	(25,804)	(17,732)	8,072
<i>Fund Balance Beginning of Year</i>	<u>139,735</u>	<u>139,735</u>	<u>139,735</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 113,931</u>	<u>\$ 113,931</u>	<u>\$ 122,003</u>	<u>\$ 8,072</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 66,700	\$ 66,700	\$ 71,863	\$ 5,163
Intergovernmental	30,000	30,000	49,026	19,026
Licenses, Permits and Fees	5,000	5,000	11,243	6,243
Interest	1,000	1,000	8,523	7,523
Other	10,194	10,194	62	(10,132)
<i>Total Receipts</i>	<u>112,894</u>	<u>112,894</u>	<u>140,717</u>	<u>27,823</u>
Disbursements				
Current:				
General Government	151,789	151,789	92,143	59,646
Health	18,761	18,761	11,977	6,784
Capital Outlay	-	-	90	(90)
<i>Total Disbursements</i>	<u>170,550</u>	<u>170,550</u>	<u>104,210</u>	<u>66,340</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(57,656)</u>	<u>(57,656)</u>	<u>36,507</u>	<u>94,163</u>
<i>Net Change in Fund Balance</i>	(57,656)	(57,656)	36,507	94,163
<i>Fund Balance Beginning of Year</i>	<u>348,888</u>	<u>348,888</u>	<u>348,888</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 291,232</u>	<u>\$ 291,232</u>	<u>\$ 385,395</u>	<u>\$ 94,163</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 90,000	\$ 90,000	\$ 117,549	\$ 27,549
Intergovernmental	-	-	13,715	13,715
Other	103	103	2,098	1,995
<i>Total Receipts</i>	90,103	90,103	133,362	43,259
Disbursements				
Current:				
Public Works	184,000	184,000	54,418	129,582
<i>Total Disbursements</i>	184,000	184,000	54,418	129,582
<i>Excess of Receipts Over (Under) Disbursements</i>	(93,897)	(93,897)	78,944	172,841
<i>Net Change in Fund Balance</i>	(93,897)	(93,897)	78,944	172,841
<i>Fund Balance Beginning of Year</i>	103,065	103,065	103,065	-
<i>Fund Balance End of Year</i>	\$ 9,168	\$ 9,168	\$ 182,009	\$ 172,841

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire and Emergency Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 274,000	\$ 274,000	\$ 295,371	\$ 21,371
Charges for Services	700,000	700,000	660,046	(39,954)
Intergovernmental	10,000	10,000	67,194	57,194
Other	20,412	20,412	20,337	(75)
<i>Total Receipts</i>	<u>1,004,412</u>	<u>1,004,412</u>	<u>1,042,948</u>	<u>38,536</u>
Disbursements				
Current:				
Public Safety	965,650	965,650	905,263	60,387
Capital Outlay	48,283	43,283	45,000	(1,717)
Debt Service:				
Principal Retirement	32,538	32,538	30,000	2,538
Interest and Fiscal Charges	3,149	3,149	2,553	596
<i>Total Disbursements</i>	<u>1,049,620</u>	<u>1,044,620</u>	<u>982,816</u>	<u>61,804</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(45,208)</u>	<u>(40,208)</u>	<u>60,132</u>	<u>100,340</u>
Other Financing Sources (Uses)				
Sale of Bonds	-	-	40,000	40,000
Insurance Proceeds	-	-	2,358	2,358
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>42,358</u>	<u>42,358</u>
<i>Net Change in Fund Balance</i>	<u>(45,208)</u>	<u>(40,208)</u>	<u>102,490</u>	<u>142,698</u>
<i>Fund Balance Beginning of Year</i>	<u>81,420</u>	<u>81,420</u>	<u>81,420</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 36,212</u>	<u>\$ 41,212</u>	<u>\$ 183,910</u>	<u>\$ 142,698</u>

See accompanying notes to the basic financial statements

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Zoning Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Licenses, Permits and Fees	\$ 23,446	\$ 23,446	\$ 42,795	\$ 19,349
Other	-	-	100	100
<i>Total Receipts</i>	<u>23,446</u>	<u>23,446</u>	<u>42,895</u>	<u>19,449</u>
Disbursements				
Current:				
General Government	<u>93,100</u>	<u>93,100</u>	<u>29,860</u>	<u>63,240</u>
<i>Total Disbursements</i>	<u>93,100</u>	<u>93,100</u>	<u>29,860</u>	<u>63,240</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(69,654)</u>	<u>(69,654)</u>	<u>13,035</u>	<u>82,689</u>
<i>Net Change in Fund Balance</i>	(69,654)	(69,654)	13,035	82,689
<i>Fund Balance Beginning of Year</i>	<u>126,700</u>	<u>126,700</u>	<u>126,700</u>	-
<i>Fund Balance End of Year</i>	<u>\$ 57,046</u>	<u>\$ 57,046</u>	<u>\$ 139,735</u>	<u>\$ 82,689</u>

See accompanying notes to the basic financial statements

Scioto Township
Pickaway County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 1 – Reporting Entity

Scioto Township, Pickaway County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, including road maintenance and repair, fire protection and emergency medical services.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township had no component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied only to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Scioto Township
Pickaway County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All funds of the Township are governmental funds. The Township has no proprietary or fiduciary funds.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds for 2005 are the General Fund, Road and Bridge Fund, Fire and Emergency Fund, and Zoning Fund. The Township's major governmental funds for 2004 are the General Fund, Road and Bridge Fund, Fire and Emergency Fund, Zoning Fund, and Permanent Improvement Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for 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.

Scioto Township
Pickaway County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

The Road and Bridge Fund receives property tax and local government funding to provide for the construction, maintenance and repairing of Township roads and bridges.

The Fire and Emergency Fund accumulates tax levy and charges for services receipts for the provision of fire protection services to the Township and contracting governments.

The Zoning Fund receives monies from license permits and fees to fund general expenses needed by the zoning board.

The Permanent Improvement Fund receives monies from licenses, permits, and fees to fund capital improvements.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, 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 ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund level for all funds.

Scioto Township
Pickaway County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Contrary to Ohio law, the Township had expenditures in excess of appropriations in the OPWC fund for both 2005 and 2004.

E. Cash

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$23,711 and \$1,811 assigned to other Township funds. Interest receipts credited to the General Fund during 2004 was \$8,523 and \$497 assigned to other Township funds.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Accumulated Leave

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described.

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Scioto Township
Pickaway County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 2 – Summary of Significant Accounting Policies (continued)

J. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source or a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. There were no fund balance reserves as of December 31, 2005 or 2004.

M. Interfund Transactions

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities are eliminated.

Note 3 – Change in Basis of Accounting

The Township has elected to present its financial statement in a format consistent with Governmental Accounting Standards Board (GASB) Statements No. 34, 37 and 38, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" These statements create and amend new basic financial statements and note disclosure for reporting on the Township's financial activities. The financial statements now include government-wide financial statements and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. GASB Statement No. 34 require GAAP reporting, however the Township presented "look alike" statements on the cash basis of accounting.

Scioto Township
Pickaway County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 3 – Change in Basis of Accounting (continued)

The Township also implemented Governmental Accounting Standards Board (GASB) Statement No. 40, “Deposit and Investment Risk Disclosures”. GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments. The implementation of GASB Statement No. 40 had no effect on the Township’s financial statements.

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.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Scioto Township
 Pickaway County, Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2005 and 2004

Note 4 - Deposits and Investments (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

At 2005 year end, \$517,215 of the Township's bank balance of \$617,215 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At 2004 year end, \$435,721 of the Township's bank balance of \$535,721 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

At December 31, 2005 and 2004, the Township had the following investments:

	Fair Value December 31, 2005	Fair Value December 31, 2004	Weighted Average Maturity (Yrs.)
STAR Ohio	\$654,000	\$689,000	0

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have an investment policy.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. All of the Township's investments are held in a STAR Ohio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Township's investment in STAR Ohio was rated AAAM by Standard and Poor's.

Scioto Township
 Pickaway County, Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2005 and 2004

Note 4 - Deposits and Investments (continued)

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township does not have a policy for custodial credit risk. The Township’s investments in STAR Ohio are held in the name of the Township.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$7.8 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

Real Property	2004	2005
Residential/Agriculture	\$56,201,770	\$64,517,620
Commercial/Industrial/Mineral	2,801,410	2,870,320
Public Utility Property		
Personal	2,699,680	2,556,860
Tangible Personal Property	969,873	1,389,286
Total Assessed Value	\$62,672,733	\$71,334,086

Scioto Township
Pickaway County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 and 2004 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Scioto Township
 Pickaway County, Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2005 and 2004

Note 6 – Risk Management (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available).

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained earnings	\$18,141,062	\$17,046,241

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	(1,406,031)	(543,176)
Retained earnings	\$7,771,765	\$7,045,167

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member Townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Scioto Township
Pickaway County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 7 – Defined Benefit Pension Plan (Continued)

For the years ended December 31, 2005 and 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 and 2004 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$12,792, \$12,934, and \$12,302 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 and 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Ohio Public Employees Retirement System (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 and 2004 which were used to fund postemployment benefits were \$3,749 and \$3,747, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

Scioto Township
 Pickaway County, Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2005 and 2004

Note 8 - Postemployment Benefits (Continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Note 10 – Debt

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2005
General Obligation Note	4.15%	\$90,000	\$0	\$60,000	\$30,000
General Obligation Note	3.75%	0	40,000	10,000	30,000
		<u>\$90,000</u>	<u>\$40,000</u>	<u>\$70,000</u>	<u>\$60,000</u>

On January 1, 2003, the Township issued \$100,000 of general obligation notes to finance the purchase of a pick up truck to be used for road maintenance and fire protection.

On October 16, 2004 the Township entered into a note agreement with Citizens Bank for \$40,000 to finance the purchase of an emergency vehicle.

All note proceeds had been spent at December 31, 2005. The notes are collateralized solely by the Township's taxing authority.

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

Year	G.O. Notes	
	Principal	Interest
2006	\$40,000	\$6,228
2007	10,000	750
2008	10,000	375
Totals	<u>\$60,000</u>	<u>\$7,353</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2005, were an overall debt margin of \$6,360,068 and an unvoted debt margin of \$71,334.

Note 11 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Scioto Township
Pickaway County, Ohio
6752 State Route 762
P.O. Box 40
Commercial Point, Ohio 43116

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pickaway County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 30, 2006 wherein we noted the Township prepared its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America and revised its financial presentation to be comparable to the requirements of Governmental Accounting Standard Board Statements No. 34, 37, and 38 and implemented GASB Statement No. 40. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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 grant agreements, 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the schedule of findings as item number 2005-001.

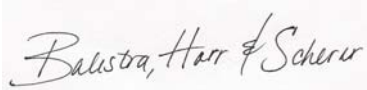
We also noted certain matters that we reported to management of the Township in a separate letter dated June 30, 2006.

Scioto Township
Pickaway County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Page 2

This report is intended solely for the information and use of the audit committee, management and the Board of
Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored rectangular background.

Balestra, Harr & Scherer, CPAs, Inc.
June 30, 2006

Scioto Township
Pickaway County, Ohio
Schedule of Findings
For the Years Ended December 31, 2005 and 2004

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

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

The Township's expenditures in the OPWC fund in 2004 and 2005 exceeded appropriations.

The Township Clerk should monitor budgetary activity more closely to ensure that expenditures do not exceed appropriations.

Client Response:

The Clerk will monitor budgetary activity more closely.

**Scioto Township
Pickaway County**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	ORC Section 5705.39 – appropriations exceeded total estimated resources	Yes	



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

SCIOTO TOWNSHIP

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 14, 2006**