

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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

Township Trustees
Scioto Township
3737 Ostrander Road
Ostrander, Ohio 43061

We have reviewed the *Independent Auditor's Report* of Scioto Township, Delaware County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2019 through December 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 19, 2021

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**SCIOTO TOWNSHIP
DELAWARE COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Scioto Township
Delaware County
3737 Ostrander Road
Ostrander, Ohio 43061

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Scioto Township, Delaware County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Scioto Township, Delaware County as of December 31, 2020 and 2019, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and 2019, and related notes of Scioto Township, Delaware County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2020 financial statements and Note 11 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2021, on our consideration of Scioto Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 11, 2021

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Other Local Taxes	\$ 154,543	\$ 375,263	\$ 100,179	\$ -	\$ -	\$ 629,985
Licenses, Permits and Fees	10,720	13,953	-	-	-	24,673
Intergovernmental	47,622	345,786	12,908	-	-	406,316
Earnings on Investments	1,480	1,096	-	-	-	2,576
Miscellaneous	17,002	64,060	-	-	-	81,062
Total Cash Receipts	231,367	800,158	113,087	-	-	1,144,612
Cash Disbursements:						
Current:						
General Government	128,854	538	-	-	-	129,392
Public Safety	-	216,570	-	-	-	216,570
Public Works	13,395	138,809	-	-	-	152,204
Health	32,495	79,863	-	-	-	112,358
Conservation-Recreation	37,062	815	-	-	-	37,877
Capital Outlay	-	-	1,349	-	-	1,349
Debt Service:						
Principal Retirement	-	58,209	141,249	-	-	199,458
Interest and Fiscal Charges	-	19,524	23,170	-	-	42,694
Total Cash Disbursements	211,806	514,328	165,768	-	-	891,902
Excess of Receipts Over/(Under) Disbursements	19,561	285,830	(52,681)	-	-	252,710
Other Financing Receipts (Disbursements)						
Transfers-In	-	2,380	-	-	-	2,380
Transfers-Out	(2,380)	-	-	-	-	(2,380)
Other Financing Uses	(15,953)	(4,107)	-	-	-	(20,060)
Total Other Financing Receipts (Disbursements)	(18,333)	(1,727)	-	-	-	(20,060)
Net Change in Fund Cash Balance	1,228	284,103	(52,681)	-	-	232,650
Fund Cash Balances, January 1	117,312	448,228	98,239	5,450	2,029	671,258
Fund Cash Balances, December 31	\$ 118,540	\$ 732,331	\$ 45,558	\$ 5,450	\$ 2,029	\$ 903,908

See notes to financial statements.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Scioto Township, Delaware County, (the Township) as a body corporate and politic. A publically elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

B. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Road & Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

Special Levy-Fire Fund – This fund receives property tax money to provide fire services for the Township.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

General Bond Debt Service Fund – This fund receives property tax money to retire the bonded debt associated with the construction of the firehouse.

General Note Retirement Fund – This fund is used to retire debt for the Township’s fire truck lease purchase agreement.

Capital Projects Fund

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Projects Fund:

Bond Fund – This fund is used to account for bond receipts and related expenditures issued for the purpose of financing capital projects.

Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the township’s programs. The Township had the following significant permanent fund.

Amos Main Cemetery Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township’s cemetery.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

D. Budgetary Process

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

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

F. Capital Assets

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

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

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted

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

Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2020 is as follows:

Fund Type	2020 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 207,151	\$ 231,367	\$ 24,216
Special Revenue	729,074	802,538	73,464
Debt Service	114,264	113,087	(1,177)
Total	<u>\$ 1,050,489</u>	<u>\$ 1,146,992</u>	<u>\$ 96,503</u>

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. BUDGETARY ACTIVITY (Continued)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 324,463	\$ 232,229	\$ 92,234
Special Revenue	1,147,835	524,545	623,290
Debt Service	197,850	165,768	32,082
Total	\$ 1,670,148	\$ 922,542	\$ 747,606

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

4. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposits and investment accounts are as follows:

	2020
<i>Cash Management Pool</i>	
Demand deposits	\$ 642,768
Total Deposits	642,768
STAR Ohio	261,140
Total Investments	261,140
Total Carrying Amount of Deposits and Investments held in Pool	\$ 903,908

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

6. RISK MANAGEMENT

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

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

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

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	10,519,942

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Some of the Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2020.

Social Security

Several Township employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

9. DEBT

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest rate
Capital Facilities Bonds	\$ 300,000	5.25%
2012 Fire Truck Lease	16,572	Variable
2019 Fire Truck Lease	532,720	3.49%
Total	\$ 849,292	

In December 2003, the Township issued Capital Facilities Bonds, in the amount of \$1,600,000, consisting of \$1,000,000 serial bonds and \$600,000 term bonds. The Township's taxing authority collateralized the bonds. The bonds shall mature in principal amounts and shall bear interest at the rates per annum as follows: 2013 - \$600,000 bearing interest at 4 percent, each subsequent year from 2014 through 2023 - \$100,000 per year bearing interest at 5.25 percent.

In 2012, the Township entered into a lease agreement for the purchase of a fire truck. The terms require annual payments to be made until December 2021.

In 2019, the Township entered into a lease agreement for the purchase of a fire truck. The terms require monthly payments to be made over ten years.

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

Year Ended December 31	Capital Facilities Bonds	2012 Fire Truck Lease	2019 Fire Truck Lease
2021	\$ 115,750	\$ 17,193	\$ 77,733
2022	110,500	-	77,733
2023	105,250	-	77,733
2024	-	-	77,733
2025	-	-	77,773
2026-2030	-	-	161,943
Total	\$ 331,500	\$ 17,193	\$ 550,608

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

11. FUND BALANCES

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ -	\$ 1,015
Outstanding Encumb.	2,090	6,110	-	-	-
Total	<u>\$ 2,090</u>	<u>\$ 6,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,015</u>

<u>Fund Balances</u>	<u>Total</u>
Nonspendable:	
Corpus	\$ 1,015
Outstanding Encumb.	8,200
Total	<u>\$ 9,215</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

12. COVID-19

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

During 2020, The Township received CARES Act funding. Of the amounts received, \$48,751 was returned to the granting agency. These amounts are reflected as public safety expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

During 2020, the Township received \$136,225 as an on-behalf grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Other Local Taxes	\$ 147,544	\$ 364,545	\$ 107,954	\$ -	\$ -	\$ 620,043
Licenses, Permits and Fees	15,655	14,542	-	-	-	30,197
Intergovernmental	47,364	183,061	13,410	-	-	243,835
Earnings on Investments	11,391	4,237	-	-	-	15,628
Miscellaneous	17,702	3,404	-	-	-	21,106
Total Cash Receipts	<u>239,656</u>	<u>569,789</u>	<u>121,364</u>	<u>-</u>	<u>-</u>	<u>930,809</u>
Cash Disbursements:						
Current:						
General Government	154,076	-	-	-	-	154,076
Public Safety	-	281,407	-	-	-	281,407
Public Works	13,452	206,598	-	-	-	220,050
Health	10,017	50,870	-	-	-	60,887
Conservation-Recreation	37,559	-	-	-	-	37,559
Capital Outlay	-	673,066	1,451	-	-	674,517
Debt Service:						
Principal Retirement	-	132,842	100,000	-	-	232,842
Interest and Fiscal Charges	-	24,848	26,250	-	-	51,098
Total Cash Disbursements	<u>215,104</u>	<u>1,369,631</u>	<u>127,701</u>	<u>-</u>	<u>-</u>	<u>1,712,436</u>
Excess of Receipts Over/(Under) Disbursements	24,552	(799,842)	(6,337)	-	-	(781,627)
Other Financing Receipts (Disbursements)						
Other Debt Proceeds	-	642,550	-	-	-	642,550
Other Financing Uses	(25,711)	-	-	-	-	(25,711)
Total Other Financing Receipts (Disbursements)	<u>(25,711)</u>	<u>642,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>616,839</u>
Net Change in Fund Cash Balance	(1,159)	(157,292)	(6,337)	-	-	(164,788)
Fund Cash Balances, January 1	<u>118,471</u>	<u>605,520</u>	<u>104,576</u>	<u>5,450</u>	<u>2,029</u>	<u>836,046</u>
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	1,015	1,015
Restricted	-	448,228	98,239	5,450	1,014	552,931
Assigned	505	-	-	-	-	505
Unassigned (Deficit)	116,807	-	-	-	-	116,807
Fund Cash Balances, December 31	<u>\$ 117,312</u>	<u>\$ 448,228</u>	<u>\$ 98,239</u>	<u>\$ 5,450</u>	<u>\$ 2,029</u>	<u>\$ 671,258</u>

See notes to financial statements.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Scioto Township, Delaware County, (the Township) as a body corporate and politic. A publically elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

B. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Road & Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

Special Levy-Fire Fund – This fund receives property tax money to provide fire services for the Township.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

General Bond Debt Service Fund – This fund receives property tax money to retire the bonded debt associated with the construction of the firehouse.

General Note Retirement Fund – This fund is used to retire debt for the Township’s fire truck lease purchase agreement.

Capital Projects Fund

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Projects Fund:

Bond Fund – This fund is used to account for bond receipts and related expenditures issued for the purpose of financing capital projects.

Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the township’s programs. The Township had the following significant permanent fund.

Amos Main Cemetery Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township’s cemetery.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

D. Budgetary Process

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

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

F. Capital Assets

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

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

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted

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

Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2019 is as follows:

	2019 Budgeted vs. Actual Receipts		
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 209,117	\$ 239,656	\$ 30,539
Special Revenue	578,568	1,212,339	633,771
Debt Service	120,850	121,364	514
Total	\$ 908,535	\$ 1,573,359	\$ 664,824

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

3. BUDGETARY ACTIVITY (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 327,588	\$ 241,320	\$ 86,268
Special Revenue	1,180,928	1,369,631	(188,703)
Debt Service	167,706	127,701	40,005
Total	\$ 1,676,222	\$ 1,738,652	\$ (62,430)

Contrary to ORC 5705.41(B), the Special Levy - Fire Fund had expenditures greater than appropriations. This was caused by not recording the pass through activity of the new lease.

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

4. EQUITY IN POOLED CASH

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

	2019
Demand Deposits	\$ 411,281
Other Time Deposits (savings and NOW accounts)	681
Total Deposits	411,962
STAR Ohio	259,296
Total Deposits and Investments	\$ 671,258

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. RISK MANAGEMENT

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

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

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

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	10,519,942

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Some of the Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2019.

Social Security

Several Township employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

9. DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest rate
Capital Facilities Bonds	\$ 400,000	5.25%
2012 Fire Truck Lease	57,821	Variable
2019 Fire Truck Lease	590,929	3.49%
Total	\$ 1,048,750	

In December 2003, the Township issued Capital Facilities Bonds, in the amount of \$1,600,000, consisting of \$1,000,000 serial bonds and \$600,000 term bonds. The Township’s taxing authority collateralized the bonds. The bonds shall mature in principal amounts and shall bear interest at the rates per annum as follows: 2013 - \$600,000 bearing interest at 4 percent, each subsequent year from 2014 through 2023 - \$100,000 per year bearing interest at 5.25 percent.

In 2012, the Township entered into a lease agreement for the purchase of a fire truck. The terms require annual payments to be made until December 2021.

In 2019, the Township entered into a lease agreement for the purchase of a fire truck. The terms require monthly payments to be made over ten years.

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

Year Ended December 31	Capital Facilities Bonds	2012 Fire Truck Lease	2019 Fire Truck Lease
2020	\$ 121,000	\$ 43,717	\$ 77,733
2021	115,750	17,193	77,733
2022	110,500	-	77,733
2023	105,250	-	77,733
2024	-	-	77,733
2025-2029	-	-	239,676
Total	\$ 452,500	\$ 60,910	\$ 628,341

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member’s deductible.

11. SUBSEQUENT EVENTS

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

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Scioto Township
Delaware County
3737 Ostrander Road
Ostrander, Ohio 43061

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019 and related notes of Scioto Township, Delaware County and have issued our report thereon dated June 11, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weakness or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether Scioto Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2020-002.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 11, 2021

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness – Reclassifications/ Financial Reporting

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Ohio Township Handbook provides suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are non-spendable, restricted, committed, assigned and unassigned.

The Township should develop internal control procedures to ensure the financial statements of the Township accurately reflect the fund cash balance in accordance with GASB Statement No. 54 reporting requirements. The Township Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance.

As a result of audit procedures, errors were noted that required reclassification and adjustments to the financial statements as follows:

The following is related to 2019:

- Homestead and rollback receipts in the amount of \$10,329, \$3,077, \$21,700 and \$7,417 were reclassified to Intergovernmental Receipts from Property and Other Local taxes within the General Fund, Road & Bridge Fund, Special Levy-Fire Fund and General Bond Debt Service Fund.
- Interest and Other Fiscal Charges was increased by \$24,848 and Principal Retirement was decreased by \$24,848 to properly show debt payments made in the Special Levy-Fire Fund.
- Assigned Fund Balance for the General Fund was overstated and the Restricted Fund Balance was understated by \$505.
- An adjustment was made to increase Debt Proceeds and Capital Outlay for the new lease in the Special Levy-Fire Funds.
- Restricted Fund Balance for the Permanent Funds was overstated and the Nonspendable Fund Balance was understated by \$1,015.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001 (Continued)

The following is related to 2020:

- Interest and Other Fiscal Charges was increased by \$19,524 and \$23,170, and Principal Retirement was decreased by \$19,524 and \$23,170 to properly show debt payments made in the Special Levy-Fire Fund and Debt Service Funds, respectively.

Reclassification and adjustments are reflected within the accompanying financial statements and accounting records.

Client Response: We are aware and will follow the guidelines available to us.

FINDING NUMBER 2020-002

Noncompliance

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

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

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates not exceeding an amount established by resolution or ordinance of the Board against any specific line item account not extending beyond the end of the fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the Board.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-002 (Continued)

3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Township did not certify the availability of funds prior to purchase commitment for 40% of the expenditures tested for the audit period. Although the obligations paid by the Township had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation and there was no evidence of a “Then and Now” certificate being used by the Fiscal Officer. Failure to properly certify the availability of funds can result in overspending of funds and negative cash balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. In rare instances when prior certification is not possible, “then and now” certification may be used.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. If the Township officials intend to use blanket certificates, then the Board of Trustees should adopt a resolution establishing the maximum amount for which blanket certificates can be issued.

Client Response: We will try to monitor disbursements more closely.

**SCIOTO TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2020**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Material Weakness Reclassifications/ Financial Reporting	No	Not Corrected Reissued as Finding 2020-001
2018-002	Noncompliance ORC Section 5705.41(D), proper certification of expenditures	No	Not Corrected Reissued as Finding 2020-002

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OHIO AUDITOR OF STATE KEITH FABER



**SCIOTO TOWNSHIP
DELAWARE COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/29/2021

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

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