



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

SCIOTO TOWNSHIP  
PIKE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2011 and 2010  
Fiscal Years Audited Under GAGAS: 2011 and 2010





# Dave Yost • Auditor of State

Board of Trustees  
Scioto Township  
1851 Bailey Chapel Road  
Beaver, Ohio 45613

We have reviewed the *Independent Auditor's Report* of Scioto Township, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 31, 2012

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**SCIOTO TOWNSHIP  
PIKE COUNTY**

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# Balestra, Harr & Scherer, CPAs, Inc.

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## Independent Auditor's Report

Scioto Township  
Pike County  
1851 Bailey Chapel Road  
Beaver, Ohio 45613

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scioto Township, Pike County, Ohio (the Township) as of and for the years ended December 31, 2011 and 2010, 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 audit.

We conducted our audit 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 audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

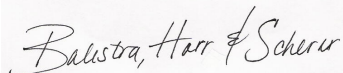
As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Scioto Township, Pike County, Ohio, as of December 31, 2011 and 2010 and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General Fund, Gasoline Tax Fund and Road and Bridge Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, Scioto Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Balestra, Harr & Scherer, CPAs, Inc.

April 6, 2012

**Scioto Township, Pike County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)

This discussion and analysis of Scioto Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2011 and 2010, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2011 and 2010 are as follows:

Net assets of governmental funds decreased \$33,117, or 11.23 percent in 2011. Net assets of governmental funds decreased \$66,320, or 18.36 percent in 2010.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 12.47 percent and 43.54 percent, respectively, of the total cash received for governmental activities during 2011 and 11.26 percent and 43.70 percent, respectively, of the total cash received for governmental activities during 2010. Property tax receipts for 2011 and 2010 changed little as development within the Township has slowed.

**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.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determines 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.



**Scioto Township, Pike County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2011 and 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year's 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 represent 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 condition of 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 property and gasoline taxes.

In the statement of net assets and the statement of activities, the Township has only governmental type activities:

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.

**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.

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 non-major 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 2011 and 2010, the Township's major governmental funds are the General Fund, Gasoline Tax Fund, and Road and Bridge Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Scioto Township, Pike County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2011 and 2010 compared to 2009 on a cash basis:

(Table 1)

	Governmental Activities		
	2011	2010	2009
<b>Assets</b>			
Equity and Cash Equivalents	\$261,745	\$294,862	\$361,182
Total Assets	261,745	294,862	361,182
<b>Net Assets</b>			
Restricted for:			
Other Purposes	140,536	139,714	175,657
Unrestricted	121,209	155,148	185,525
Total Net Assets	\$261,745	\$294,862	\$361,182

As mentioned previously, net assets of governmental activities decreased \$33,117, or 11.23 percent in 2011 and decreased \$66,320, or 18.36 percent in 2010. The primary reasons contributing to the decreases in cash balances was the continued upgrading of all township and fire department equipment, an addition of an apron to the Township building, and a chip and seal project for the Township roads.

Table 2 reflects the changes in nets assets in 2011, 2010 and 2009. Listed below is a comparative analysis of government-wide data.

(Table 2)

**Change in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010	Governmental Activities 2009
Receipts			
Program Receipts:			
Charges for Services	\$ 1,425	\$ 1,000	\$ 950
Operating Grants and Contributions	116,743	120,720	131,523
Total Program Receipts	118,168	121,720	132,473
General Receipts:			
Property Taxes	33,599	31,941	26,716
Payment in Lieu of Taxes	-	-	20,000
Grants and Entitlements Not Restricted to Specific Programs	117,313	123,919	112,274
Interest	222	3,385	7,315
Miscellaneous	130	2,589	1,669
Total General Receipts	151,264	161,834	167,974
Total Receipts	269,432	283,554	300,447

**Scioto Township, Pike County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)

(Table 2)  
**Change in Net Assets**  
(Continued)

	Governmental Activities 2011	Governmental Activities 2010	Governmental Activities 2009
Disbursements:			
General Government	142,084	156,734	124,255
Public Safety	29,349	18,991	21,252
Public Works	129,377	174,150	123,733
Health	1,739	-	5,000
Debt Service			
Principal Retirement	-	-	38,894
Interest and Fiscal Charges	-	-	1,948
Total Disbursements	<u>302,549</u>	<u>349,875</u>	<u>315,082</u>
Increase (Decrease) in Net Assets	(33,117)	(66,320)	(14,635)
Net Assets, January 1	<u>294,862</u>	<u>361,182</u>	<u>375,817</u>
Net Assets, December 31	<u><u>\$261,745</u></u>	<u><u>\$294,862</u></u>	<u><u>\$361,182</u></u>

Program receipts represent only 43.85 percent of total receipts in 2011 and 42.93 percent of total receipts in 2010 and are primarily comprised of restricted intergovernmental receipts.

General receipts represent 56.15 percent of the Township's total receipts for 2011 and 57.07 percent of the Township's total receipts for 2010, and of this amount, 12.47 percent are property and other local taxes in 2011 and 11.26 percent are property and other local taxes in 2010. Revenue in lieu of taxes, grants and entitlements not restricted to specific programs, interest, and miscellaneous receipts make up the balance of the Township's general receipts. Other receipts are very 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.

**Governmental Activities**

If you look at the Statement of Activities on pages 10 and 17, 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. The major program disbursements for governmental activities are for general government and public works, which account for 89.72 and 94.57 percent of all government disbursements, for 2011 and 2010 respectively. The next two columns of the Statement entitled Program Receipts identify 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 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.

**Scioto Township, Pike County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)

(Table 3)

**Governmental Activities**

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
General Government	\$ 142,084	\$ (142,084)	\$ 156,734	\$ (156,734)
Public Safety	29,349	(29,349)	18,991	(18,991)
Public Works	129,377	(12,634)	174,150	(53,429)
Health	1,739	(314)	-	1,000
<b>Total Expenses</b>	<b>\$ 302,549</b>	<b>\$ (184,381)</b>	<b>\$ 349,875</b>	<b>\$ (228,154)</b>

**The Township's Funds**

Total governmental funds had receipts of \$269,432 and disbursements of \$302,549 in 2011 and had receipts of \$283,555 and disbursements of \$349,875 in 2010. In 2011 and 2010, there were no significant changes within governmental funds. The greatest change within governmental funds occurred within the General Fund in 2011 and 2010. In 2011 the fund balance of the General fund decreased \$33,939 in 2011 primarily as a result of the loss of payment in lieu of taxes revenue. The fund balance of the Gasoline fund increased by \$16,069 in 2011 primarily due to a decrease in expenditures associated with payroll. The fund balance of the Road & Bridge fund decreased by \$15,495 in 2011 primarily due to an increase in expenditures associated with payroll.

The fund balance of the General fund decreased by \$30,377 in 2010 primarily as the result of increased expenditures associated with the addition of an apron to the Township building. The fund balance of the Gasoline fund decreased \$20,467 in 2010 primarily due to increased cash disbursements associated with a chip and seal project. The Fund balance of the Road & Bridge fund decreased by \$15,020 in 2010 primarily due to an excess of cash disbursements over cash receipts.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2011 and 2010, the Township did not amend its General Fund budget.

In 2011, final disbursements were budgeted at \$281,000 while actual disbursements were \$172,933. Although receipts exceeded expectations, appropriations were not increased.

In 2010, final disbursements were budgeted at \$440,000 while actual disbursements were \$179,106. Although receipts were below expectations, appropriations were not decreased.

**Scioto Township, Pike County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)

**Current Financial Related Activities**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. As we have stated previously, all upgrading of township and fire department equipment is complete, and paid for, all buildings are built and paid for so we feel we are in good shape financially. Most all of the township roads were sealed, patched, paved and right of ways cleaned which was a burden in 2010 and 2011 but, it is complete now and we should be able to see an increase in our cash fund balances.

**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 Jaime Steffy, Fiscal Officer, Scioto Township, 1851 Bailey Chapel Rd., Beaver, Ohio 45613.

**Scioto Township, Pike County**  
*Statement of Net Assets - Cash Basis*  
*As of December 31, 2011*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 261,745
<i>Total Assets</i>	\$ 261,745
<b>Net Assets</b>	
Restricted for:	
Gasoline Tax	\$ 69,963
Road & Bridge	60,946
Other Purposes	9,627
Unrestricted	121,209
<i>Total Net Assets</i>	\$ 261,745

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2011*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 142,084	\$ -	\$ -	\$ (142,084)
Public Safety	29,349	-	-	(29,349)
Public Works	129,377	-	116,743	(12,634)
Health	1,739	1,425	-	(314)
<i>Total Governmental Activities</i>	<u>\$ 302,549</u>	<u>\$ 1,425</u>	<u>\$ 116,743</u>	(184,381)
<b>General Receipts</b>				
Property Taxes				33,599
Grants and Entitlements not Restricted to Specific Programs				117,313
Interest				222
Miscellaneous				130
<i>Total General Receipts</i>				<u>151,264</u>
Change in Net Assets				(33,117)
<i>Net Assets - Beginning of Year</i>				<u>294,862</u>
<i>Net Assets - End of Year</i>				<u>\$ 261,745</u>

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2011*

	General Fund	Gasoline Tax Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 121,209	\$ 69,963	\$ 60,946	\$ 9,627	\$ 261,745
<i>Total Assets</i>	<u>\$ 121,209</u>	<u>\$ 69,963</u>	<u>\$ 60,946</u>	<u>\$ 9,627</u>	<u>\$ 261,745</u>
<b>Fund Balances</b>					
Restricted	\$ -	\$ 69,963	\$ 60,946	\$ 9,627	\$ 140,536
Unassigned	121,209	-	-	-	121,209
<i>Total Fund Balances</i>	<u>\$ 121,209</u>	<u>\$ 69,963</u>	<u>\$ 60,946</u>	<u>\$ 9,627</u>	<u>\$ 261,745</u>

See accompanying notes to the basic financial statements.



**Scioto Township, Pike County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2011

	General Fund	Gasoline Tax Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 24,639	\$ -	\$ 8,960	\$ -	\$ 33,599
Charges for Services	-	-	-	1,425	1,425
Intergovernmental	114,003	85,813	30,930	3,310	234,056
Interest	222	-	-	-	222
Miscellaneous	130	-	-	-	130
<i>Total Receipts</i>	<u>138,994</u>	<u>85,813</u>	<u>39,890</u>	<u>4,735</u>	<u>269,432</u>
<b>Disbursements</b>					
Current:					
General Government	142,084	-	-	-	142,084
Public Safety	29,349	-	-	-	29,349
Public Works	1,500	69,744	55,385	2,748	129,377
Health	-	-	-	1,739	1,739
<i>Total Disbursements</i>	<u>172,933</u>	<u>69,744</u>	<u>55,385</u>	<u>4,487</u>	<u>302,549</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	(33,939)	16,069	(15,495)	248	(33,117)
<i>Fund Balances - Beginning of Year</i>	<u>155,148</u>	<u>53,894</u>	<u>76,441</u>	<u>9,379</u>	<u>294,862</u>
<i>Fund Balances - End of Year</i>	<u>\$ 121,209</u>	<u>\$ 69,963</u>	<u>\$ 60,946</u>	<u>\$ 9,627</u>	<u>\$ 261,745</u>

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budgetary Basis*  
*General Fund*  
*For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$ 22,734	\$ 22,734	\$ 24,639	\$ 1,905
Payment in Lieu of Taxes	20,203	20,203	-	(20,203)
Intergovernmental	97,743	97,743	114,003	16,260
Interest	6,355	6,355	222	(6,133)
Other	1,484	1,484	130	(1,354)
<i>Total Receipts</i>	<u>148,518</u>	<u>148,518</u>	<u>138,994</u>	<u>(9,524)</u>
<b>Disbursements</b>				
Current:				
General Government	213,000	213,000	142,084	70,916
Public Safety	51,000	51,000	29,349	21,651
Public Works	17,000	17,000	1,500	15,500
<i>Total Disbursements</i>	<u>281,000</u>	<u>281,000</u>	<u>172,933</u>	<u>108,067</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(132,482)</u>	<u>(132,482)</u>	<u>(33,939)</u>	<u>98,543</u>
<i>Net Change in Fund Balance</i>	(132,482)	(132,482)	(33,939)	98,543
<i>Fund Balance Beginning of Year</i>	<u>155,148</u>	<u>155,148</u>	<u>155,148</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 22,666</u>	<u>\$ 22,666</u>	<u>\$ 121,209</u>	<u>\$ 98,543</u>

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budgetary Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 86,233	\$ 86,233	\$ 85,813	\$ (420)
Interest	767	767	-	(767)
<i>Total Receipts</i>	<u>87,000</u>	<u>87,000</u>	<u>85,813</u>	<u>(1,187)</u>
<b>Disbursements</b>				
Current:				
Public Works	140,000	140,000	69,744	70,256
<i>Total Disbursements</i>	<u>140,000</u>	<u>140,000</u>	<u>69,744</u>	<u>70,256</u>
<i>Net Change in Fund Balance</i>	(53,000)	(53,000)	16,069	69,069
<i>Fund Balance Beginning of Year</i>	<u>53,894</u>	<u>53,894</u>	<u>53,894</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 894</u>	<u>\$ 894</u>	<u>\$ 69,963</u>	<u>\$ 69,069</u>

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budgetary Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$ 7,270	\$ 7,270	\$ 8,960	\$ 1,690
Intergovernmental	25,930	25,930	30,930	5,000
<i>Total Receipts</i>	<u>33,200</u>	<u>33,200</u>	<u>39,890</u>	<u>6,690</u>
<b>Disbursements</b>				
Current:				
Public Works	<u>109,000</u>	<u>109,000</u>	<u>55,385</u>	<u>53,615</u>
<i>Total Disbursements</i>	<u>109,000</u>	<u>109,000</u>	<u>55,385</u>	<u>53,615</u>
<i>Net Change in Fund Balance</i>	<u>(75,800)</u>	<u>(75,800)</u>	<u>(15,495)</u>	<u>60,305</u>
<i>Fund Balance Beginning of Year</i>	<u>76,441</u>	<u>76,441</u>	<u>76,441</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 641</u>	<u>\$ 641</u>	<u>\$ 60,946</u>	<u>\$ 60,305</u>

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Net Assets - Cash Basis*  
*As of December 31, 2010*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 294,862
<i>Total Assets</i>	\$ 294,862
<b>Net Assets</b>	
Restricted for:	
Gasoline Tax	\$ 53,894
Road & Bridge	76,441
Other Purposes	9,379
Unrestricted	155,148
<i>Total Net Assets</i>	\$ 294,862

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2010*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 156,734	\$ -	\$ -	\$ (156,734)
Public Safety	14,202	-	-	(14,202)
Public Works	178,939	-	120,721	(58,218)
Health	-	1,000	-	1,000
<i>Total Governmental Activities</i>	<u>\$ 349,875</u>	<u>\$ 1,000</u>	<u>\$ 120,721</u>	(228,154)
<b>General Receipts</b>				
Property Taxes				31,941
Grants and Entitlements not Restricted to Specific Programs				123,919
Interest				3,385
Miscellaneous				2,589
<i>Total General Receipts</i>				<u>161,834</u>
Change in Net Assets				(66,320)
<i>Net Assets - Beginning of Year</i>				<u>361,182</u>
<i>Net Assets - End of Year</i>				<u>\$ 294,862</u>

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2010*

	General Fund	Gasoline Tax Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 155,148	\$ 53,894	\$ 76,441	\$ 9,379	\$ 294,862
<i>Total Assets</i>	<u>\$ 155,148</u>	<u>\$ 53,894</u>	<u>\$ 76,441</u>	<u>\$ 9,379</u>	<u>\$ 294,862</u>
<b>Fund Balances</b>					
Restricted	\$ -	\$ 53,894	\$ 76,441	\$ 9,379	\$ 139,714
Unassigned	155,148	-	-	-	155,148
<i>Total Fund Balances</i>	<u>\$ 155,148</u>	<u>\$ 53,894</u>	<u>\$ 76,441</u>	<u>\$ 9,379</u>	<u>\$ 294,862</u>

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General Fund	Gasoline Tax Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property Taxes	\$ 23,478	\$ -	\$ 8,463	\$ -	\$ 31,941
Charges for Services	-	-	-	1,000	1,000
Intergovernmental	120,596	87,889	32,832	3,323	244,640
Interest	3,263	112	-	10	3,385
Miscellaneous	1,392	-	1,197	-	2,589
<i>Total Receipts</i>	<u>148,729</u>	<u>88,001</u>	<u>42,492</u>	<u>4,333</u>	<u>283,555</u>
<b>Disbursements</b>					
Current:					
General Government	156,734	-	-	-	156,734
Public Safety	14,202	-	-	-	14,202
Public Works	8,170	108,468	57,512	4,789	178,939
<i>Total Disbursements</i>	<u>179,106</u>	<u>108,468</u>	<u>57,512</u>	<u>4,789</u>	<u>349,875</u>
<i>Net Change in Fund Balances</i>	(30,377)	(20,467)	(15,020)	(456)	(66,320)
<i>Fund Balances - Beginning of Year, as restated, see note 3</i>	<u>185,525</u>	<u>74,361</u>	<u>91,461</u>	<u>9,835</u>	<u>361,182</u>
<i>Fund Balances - End of Year</i>	<u>\$ 155,148</u>	<u>\$ 53,894</u>	<u>\$ 76,441</u>	<u>\$ 9,379</u>	<u>\$ 294,862</u>

See accompanying notes to the basic financial statements.



**Scioto Township, Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budgetary Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$ 43,997	\$ 43,997	\$ 23,478	\$ (20,519)
Payment in Lieu of Taxes	42,500	42,500	-	(42,500)
Intergovernmental	144,506	144,506	120,596	(23,910)
Interest	34,001	34,001	3,263	(30,738)
Other	10,666	10,666	1,392	(9,274)
<i>Total Receipts</i>	<u>275,670</u>	<u>275,670</u>	<u>148,729</u>	<u>(126,941)</u>
<b>Disbursements</b>				
Current:				
General Government	225,000	225,000	156,734	68,266
Public Safety	120,000	120,000	14,202	105,798
Public Works	95,000	95,000	8,170	86,830
<i>Total Disbursements</i>	<u>440,000</u>	<u>440,000</u>	<u>179,106</u>	<u>260,894</u>
<i>Net Change in Fund Balance</i>	<u>(164,330)</u>	<u>(164,330)</u>	<u>(30,377)</u>	<u>133,953</u>
<i>Fund Balance Beginning of Year</i>	<u>185,525</u>	<u>185,525</u>	<u>185,525</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 21,195</u>	<u>\$ 21,195</u>	<u>\$ 155,148</u>	<u>\$ 133,953</u>

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budgetary Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 90,786	\$ 90,786	\$ 87,889	\$ (2,897)
Interest	214	214	112	(102)
<i>Total Receipts</i>	<u>91,000</u>	<u>91,000</u>	<u>88,001</u>	<u>(2,999)</u>
<b>Disbursements</b>				
Current:				
Public Works	<u>130,000</u>	<u>130,000</u>	<u>108,468</u>	<u>21,532</u>
<i>Total Disbursements</i>	<u>130,000</u>	<u>130,000</u>	<u>108,468</u>	<u>21,532</u>
<i>Net Change in Fund Balance</i>	(39,000)	(39,000)	(20,467)	18,533
<i>Fund Balance Beginning of Year, as restated, see note 3</i>	<u>74,361</u>	<u>74,361</u>	<u>74,361</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 35,361</u>	<u>\$ 35,361</u>	<u>\$ 53,894</u>	<u>\$ 18,533</u>

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budgetary Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$ 8,186	\$ 8,186	\$ 8,463	\$ 277
Intergovernmental	25,014	25,014	32,832	7,818
Other	-	-	1,197	1,197
<i>Total Receipts</i>	33,200	33,200	42,492	9,292
<b>Disbursements</b>				
Current:				
Public Works	105,000	105,000	57,512	47,488
<i>Total Disbursements</i>	105,000	105,000	57,512	47,488
<i>Net Change in Fund Balance</i>	(71,800)	(71,800)	(15,020)	56,780
<i>Fund Balance Beginning of Year, as restated, see note 3</i>	91,461	91,461	91,461	-
<i>Fund Balance End of Year</i>	\$ 19,661	\$ 19,661	\$ 76,441	\$ 56,780

See accompanying notes to the basic financial statements.

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 1 – Reporting Entity**

Scioto Township, Pike County, Ohio (the Township), is a body politic and corporate established in 1880 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 Fiscal Officer.

The reporting entity is comprised of the primary government 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 government services, maintenance of Township roads and bridges, fire protection and cemetery maintenance.

**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. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. The Township has no component units.

**Note 2 – Summary of Significant Accounting Policies**

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

**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.

**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. Since the Township does not have any business-type receipts or activities all statements are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 2 – Summary of Significant Accounting Policies** (continued)

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 each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that 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. The funds of the Township are all governmental funds.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund – This 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.

Gasoline Tax Fund – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund – This fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of the Township roads and bridges.

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

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 2 – Summary of Significant Accounting Policies** (continued)

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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 billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

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

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

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

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

**E. Cash and Investments**

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

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2011 and 2010 were \$222 and \$3,263, respectively. Interest receipts credited to the Gasoline Tax Fund during 2010 were \$112. Interest receipts credited to the Other Governmental Funds during 2010 were \$10.

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 2 – Summary of Significant Accounting Policies** (continued)

**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. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. 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.

**J. 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 whose purpose is restricted. 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.

**K. Fund Balance**

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 2 – Summary of Significant Accounting Policies** (continued)

**K. Fund Balance** (continued)

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity**

The Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds or all other governmental funds as previously reported.

We identified errors related to the prior period in the amount of \$15,842. A journal entry was posted to the Road and Bridge Fund rather than the Gasoline Tax Fund. The correction of this error had the following effect on fund balances:

	Gasoline Tax Fund	Road and Bridge Fund	Total
Fund Balance at December 31, 2009	\$58,519	\$107,303	\$165,822
Correction of Posting Error	15,842	(15,842)	0
Restated Fund Balance at December 31, 2009	\$74,361	\$91,461	\$165,822



**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 4 – Compliance**

Contrary to Ohio Revised Code Section 5705.36 (A)(4), the Township had appropriations in excess of actual resources in the General Fund in the amount of \$105,746 at December 31, 2010.

**Note 5 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no differences between the budgetary basis and the cash basis since there were no outstanding encumbrances at December 31, 2011 or December 31, 2010.

**Note 6 – 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;

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 6 – Deposits and Investments** (continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
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**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, \$16,794 of the Township's bank balance of \$266,794 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 December 31, 2010, \$48,749 of the Township's bank balance of \$298,749 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 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.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 7 – Property Taxes** (continued)

The full tax rate for all Township operations for the year ended December 31, 2011 and 2010, was \$1.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 and 2010 property tax receipts were based are as follows:

	2011	2010	
Real Property	\$ 13,201,520	\$ 11,821,570	
Public Utility Property	16,254,160	11,758,590	
Total Assessed Values	\$ 29,455,680	\$ 23,580,160	

**Note 8 – 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.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

**Casualty and Property Coverage**

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 8 – 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, 2010 and 2009 (the latest information available):

	2010	2009
Assets	\$35,855,252	\$38,982,088
Liabilities	(10,664,724)	(12,880,766)
Retained Earnings	\$25,190,528	\$26,101,322

At December 31, 2010 and 2009, respectively, casualty coverage liabilities noted above include approximately \$9.9 million and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 million and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township’s share of these unpaid claims collectible in future years is approximately \$5,509.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township’s contributions to OTARMA for the past three years are as follows:

Contributions to OTARMA	
2009	\$6,576
2010	6,235
2011	7,445

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give 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 contributions, minus the subsequent year’s budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 9 – Defined Benefit Pension Plan**

**A. 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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members. For the years ended December 31, 2011 and 2010, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011 and 2010, member and employer contribution rates were consistent across all three plans.

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 9 – Defined Benefit Pension Plan** (continued)

**A. Ohio Public Employees Retirement System** (continued)

The Township's 2011 and 2010 contribution rates were 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2011. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$11,005, \$11,319, and \$12,405 respectively. The full amount has been contributed for 2011, 2010, and 2009.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 10 - Postemployment Benefits** (continued)

**A. Ohio Public Employees Retirement System** (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$3,840, \$4,189, and \$4,874, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 11 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the fund types are presented below for December 31, 2011 and 2010:

Fund Balances at December 31, 2011	General Fund	Special Revenue Funds	Total Governmental Funds
<b>Restricted for</b>			
Road and Bridge Maintenance	\$ -	\$ 135,693	\$ 135,693
Cemetery Operations	-	4,843	4,843
Total Restricted	-	\$140,536	140,536
<b>Unassigned (Deficit)</b>	121,209	-	121,209
Total Fund Balances	\$ 121,209	\$ 140,536	\$ 261,745

**Scioto Township, Pike County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010

**Note 11 - Fund Balances** (continued)

Fund Balances at December 31, 2010	General Fund	Special Revenue Funds	Total Governmental Funds
<b>Restricted for</b>			
Road and Bridge Maintenance	\$ -	\$ 134,557	\$ 134,557
Cemetery Operations	-	5,157	5,157
<b>Total Restricted</b>	<b>-</b>	<b>\$139,714</b>	<b>139,714</b>
<b>Unassigned (Deficit)</b>	<b>155,148</b>	<b>-</b>	<b>155,148</b>
<b>Total Fund Balances</b>	<b>\$ 155,148</b>	<b>\$ 139,714</b>	<b>\$ 294,862</b>





## Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Scioto Township  
Pike County  
1851 Bailey Chapel Road  
Beaver, Ohio 45613

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pike County, (the Township), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 6, 2012 wherein we noted that the Township uses a comprehensive accounting basis other than generally accepted accounting principles and that the Township implemented Governmental Accounting Standards Board Statement No. 54. We conducted our audit 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*.

#### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings and responses to be a material weakness.

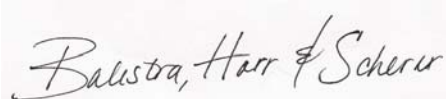
### **Compliance and Other Matters**

As part of reasonably assuring whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 6, 2012.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Township's responses, and accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
April 6, 2012

**SCIOTO TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**FINDING NUMBER 2011-001**

**Material Weakness**

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

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

- Property Tax revenues,
- Intergovernmental revenues,
- Charges for Services revenues,
- Miscellaneous revenues

All of the above noted adjustments have been posted to the financial statements and to the Townships' UAN accounting system.

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

**Client Response:**

The Fiscal Officer will make the corrections.

**FINDING NUMBER 2011-002**

**Material Non-Compliance**

Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

Upon comparison of appropriations to available resources (defined as unencumbered beginning balance plus actual receipts), 2010 appropriations were in excess of available resources in the General Fund by \$105,746.

The Township should implement monitoring procedures to ensure compliance with 5705.36(A)(4). Establishment of procedures for monitoring the compliance with this requirement helps to ensure that monies are not expended in excess of allowable limits.

**Client Response:**

The Fiscal Officer will monitor the receipts collected and when apparent that the amount will fall short, request an amended certificate.

**SCIOTO TOWNSHIP  
PIKE COUNTY  
DECEMBER 31, 2011 AND 2010**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

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<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2009-001	ORC Section 5705.41(D) Fiscal Officer's certification of available funds for disbursement.	Yes	Corrected during 2011
2009-002	Material Weakness – sound financial reporting	No	Reissued as 2011-001



# Dave Yost • Auditor of State

SCIOTO TOWNSHIP

PIKE 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  
JUNE 12, 2012