



Dave Yost • Auditor of State



SCIOTO TOWNSHIP  
ROSS COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Scioto Township  
Ross County  
P.O. Box 1975  
Chillicothe, Ohio 45601

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Scioto Township, Ross County, (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***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 opinions.

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

As described in Note 1 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 of America (GAAP), 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 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 the Township as of December 31, 2013 and 2012, 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 combined cash balances of Scioto Township, Ross County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended 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 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 14, 2015

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$83,789	\$449,828		\$533,617
Charges for Services		148,580		148,580
Licenses, Permits and Fees		91,578		91,578
Fines and Forfeitures		150		150
Intergovernmental	67,591	220,821		288,412
Earnings on Investments	934	151	29	1,114
Miscellaneous	42,520	90,335		132,855
<i>Total Cash Receipts</i>	<u>194,834</u>	<u>1,001,443</u>	<u>29</u>	<u>1,196,306</u>
<b>Cash Disbursements</b>				
Current:				
General Government	169,553	25,473		195,026
Public Safety		228,233		228,233
Public Works	6,235	224,220		230,455
Health		388,472		388,472
Human Services		2,960		2,960
Conservation-Recreation	160			160
Other		1,024		1,024
Capital Outlay	8,826	327,984		336,810
Debt Service:				
Principal Retirement		47,343		47,343
Interest and Fiscal Charges		5,883		5,883
<i>Total Cash Disbursements</i>	<u>184,774</u>	<u>1,251,592</u>	<u>0</u>	<u>1,436,366</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>10,060</u>	<u>(250,149)</u>	<u>29</u>	<u>(240,060)</u>
<b>Other Financing Receipts</b>				
Sale of Notes		146,277		146,277
Advances In	100,000	100,000		200,000
Advances Out	(100,000)	(100,000)		(200,000)
Other Financing Sources	2,322	8,939		11,261
Other Financing Uses	(1,899)			(1,899)
<i>Total Other Financing Receipts</i>	<u>423</u>	<u>155,216</u>	<u>0</u>	<u>155,639</u>
<i>Net Change in Fund Cash Balances</i>	<u>10,483</u>	<u>(94,933)</u>	<u>29</u>	<u>(84,421)</u>
<i>Fund Cash Balances, January 1</i>	<u>140,917</u>	<u>1,034,775</u>	<u>31,864</u>	<u>1,207,556</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	0	0	20,000	20,000
Restricted	0	939,842	11,893	951,735
Committed	0	0	0	0
Assigned	27,001	0	0	27,001
Unassigned (Deficit)	124,399	0	0	124,399
<i>Fund Cash Balances, December 31</i>	<u>\$151,400</u>	<u>\$939,842</u>	<u>\$31,893</u>	<u>\$1,123,135</u>

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

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$84,273	\$454,972		\$539,245
Charges for Services		112,971		112,971
Licenses, Permits and Fees		103,487		103,487
Fines and Forfeitures		170		170
Intergovernmental	101,254	236,312		337,566
Earnings on Investments	285	36	3	324
Miscellaneous	32,326	79,512		111,838
<i>Total Cash Receipts</i>	<u>218,138</u>	<u>987,460</u>	<u>3</u>	<u>1,205,601</u>
<b>Cash Disbursements</b>				
Current:				
General Government	184,114	40,071		224,185
Public Safety		198,968		198,968
Public Works		338,322		338,322
Health		364,600		364,600
Human Services				0
Conservation-Recreation	160			160
Other				0
Capital Outlay	8,327	148,671		156,998
Debt Service:				
Principal Retirement		67,584		67,584
Interest and Fiscal Charges		4,362		4,362
<i>Total Cash Disbursements</i>	<u>192,601</u>	<u>1,162,578</u>	<u>0</u>	<u>1,355,179</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>25,537</u>	<u>(175,118)</u>	<u>3</u>	<u>(149,578)</u>
<b>Other Financing Receipts</b>				
Inception of Capital Lease		97,200		97,200
Other Financing Sources		11		11
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>97,211</u>	<u>0</u>	<u>97,211</u>
<i>Net Change in Fund Cash Balances</i>	25,537	(77,907)	3	(52,367)
<i>Fund Cash Balances, January 1 - Restated - See Note 9</i>	<u>115,380</u>	<u>1,112,682</u>	<u>31,861</u>	<u>1,259,923</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	0	0	20,000	20,000
Restricted	0	1,034,775	11,864	1,046,639
Assigned	0	0	0	0
Unassigned (Deficit)	140,917	0	0	140,917
<i>Fund Cash Balances, December 31</i>	<u>\$140,917</u>	<u>\$1,034,775</u>	<u>\$31,864</u>	<u>\$1,207,556</u>

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



**SCIOTO TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

The Township participates in the Ohio Township Risk Management Authority, a risk-sharing pool available to Ohio Townships. Note 8 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.

**B. Accounting Basis**

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 Section 117-2-03(D) permit.

**C. Deposits**

The Township's accounting basis includes cash as assets.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. 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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

Cemetery Fund - This fund receives property tax money for maintaining Township Cemeteries.

Fire and Rescue EMS Fund - This fund collects charges for services monies from ambulance runs for operating emergency services within the Township.

**3. 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 reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest 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.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. 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:

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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.

**5. 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.

**G. Property, Plant, and Equipment**

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

**H. 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.

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Equity in Pooled Deposits**

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:

	2013	2012
Demand deposits	\$1,123,135	\$1,207,556

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

**3. Budgetary Activity**

Budgetary activity for the years ending 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,114	\$297,156	\$156,042
Special Revenue	1,010,166	1,256,659	246,493
Permanent	75	29	(46)
Total	\$1,151,355	\$1,553,844	\$402,489

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$286,673	(\$286,673)
Special Revenue	0	1,351,592	(1,351,592)
Permanent	0	0	0
Total	\$0	\$1,638,265	(\$1,638,265)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$167,507	\$218,138	\$50,631
Special Revenue	925,816	1,084,671	158,855
Permanent	0	3	3
Total	\$1,093,323	\$1,302,812	\$209,489

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$285,590	\$192,601	\$92,989
Special Revenue	2,037,037	1,162,578	874,459
Permanent	0	0	0
Total	\$2,322,627	\$1,355,179	\$967,448

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2013 and in the Road and Bridge Fund (\$67,494) and Fire and Rescue EMS Fund (\$32,828) for the year ended December 31, 2012. Also contrary to Ohio law, the Board did not approve or file appropriations with the County Auditor for 2013 which resulted in all expenditures not being properly encumbered.

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. 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.

**5. Debt**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
General Obligation Note - Ambulance	\$117,023	2.55%

In 2013, the Township issued a General Obligation Note through The Vinton County National Bank, in the amount of \$146,277, to purchase a new ambulance. The terms of the Note are 2.55% interest with semi-annual payments. The final payment on the Note will be paid on October 30, 2017. The Note is collateralized by the current revenue of the Township.

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

	General Obligation Note
Year ending December 31:	
2014	\$32,051
2015	31,305
2016	30,563
2017	29,820
Total	\$123,739

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Capital Lease**

Capital lease outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Capital Lease - 2010 International Plow Truck	\$70,338	4.09%

In 2012, the Township entered into a capital lease with GE Capital, in the amount of \$97,200, to lease a 2010 International Plow Truck with the option to purchase for \$1 at the end of the lease. The terms of the Lease are 4.09% interest with semi-annual payments for 60 months. The final payment on the Note will be paid in March of 2017.

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

Year ending December 31:	Capital Lease
2014	\$21,522
2015	21,522
2016	21,522
2017	11,697
Total	\$76,263

**7. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**8. Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. Risk Management (Continued)**

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

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, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$7,830.

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.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$36,125	\$42,130

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. Risk Management (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

**9. Restatement of Balances**

The January 1, 2012 balances were restated for the General and Special Revenue Funds due to outstanding checks written in prior years that were voided during 2012.

Fund Type	December 31, 2011 Audited Balance	January 1, 2012 Restated Balance	Restatement Amount
General	\$115,311	\$115,380	\$69
Special Revenue	1,112,536	1,112,682	146
Total	\$1,227,847	\$1,228,062	\$215

**10. Material Noncompliance**

The Fiscal Officer had inaccurate reconciliations as well as inaccurate accounting records and financial statements which resulted in multiple adjustments and reclassifications to the financial statements.

The Township did not file accurate OPERS reports and remit contributions by the due dates.

Contrary to Ohio Rev. Code § 5705.14, the Township made a transfer of \$16,310 from the Fire Fund to the Fire and Rescue EMS Fund without approval of the Court of Common Pleas.

The Board of Trustees did not approve appropriations for 2013 contrary to Ohio Rev. Code § 5705.38(A).

Contrary to Ohio Rev. Code §5705.39, appropriations exceeded estimated resources in the General Fund and the Cemetery Fund at December 31, 2012. Furthermore, the Board of Trustees did not approve or file appropriations with the County Auditor's Office for 2013.

At December 31, 2013, expenditures exceeded appropriations in all funds contrary to Ohio Rev. Code § 5705.41(B). Furthermore, at December 31, 2012, expenditures exceeded appropriations in the Road and Bridge Fund and the Fire Rescue EMS Fund by \$67,494 and \$32,828, respectively.

Contrary to Ohio Rev. Code § 5705.41(D), 100% of disbursements were not properly encumbered due to the Board of Trustees not approving appropriations and failure of the Fiscal Officer to file appropriations with the County Auditor which resulted in unlawful appropriations.

Pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended may be issued against Tom Straub, Township Trustee, in the amount of \$1,426 due to Mr. Straub being overpaid.



**SCIOTO TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**10. Material Noncompliance (Continued)**

Pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended may be issued against Paul Corcoran, Township Trustee, in the amount of \$1,426 due to Mr. Corcoran being overpaid.

Pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended may be issued against John Wetzel, Township Trustee, in the amount of \$483 due to Mr. Wetzel being overpaid.

Pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended may be issued against David May, former Fiscal Officer, in the amount of \$1,334 due to Mr. May being overpaid.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Scioto Township  
Ross County  
P.O. Box 1975  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Scioto Township, Ross County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated December 14, 2015 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 the Township's internal control over financial reporting (internal control) to determine the 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 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 of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2013-001 and 2013-006 through 2013-009 to be material weaknesses.

***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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2013-001 through 2013-005 and 2013-010 through 2013-013.

***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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 14, 2015

**SCIOTO TOWNSHIP  
ROSS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Noncompliance Citation and Material Weakness**

Ohio Admin. Code § 117-2-02(A) requires public offices to 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. Per Ohio Admin. Code § 117-2-02(D), accounting records that can help achieve these objectives include:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of payor, purpose, receipt number, and other information required for such transactions to be recorded on this ledger.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

The Township lacked management controls to maintain an accounting system and accounting records sufficient to enable the Township to identify, assemble, analyze, classify, record and report its transactions and prepare financial statements as evidenced by the following conditions:

*Inaccurate Reconciliations*

The Township utilizes the UAN accounting system which provides all of the required journals and ledgers. The UAN software also includes a monthly reconciliation process to assist the Fiscal Officer in the monthly book to bank reconciliation. However, the monthly reconciliations for June 2012 through December 2013 included in the accounting records were not accurate. The Township hired an Independent Public Accountant to perform a proof of cash to identify the adjusting factors through December 31, 2013. Those procedures resulted in the following items which had the potential to impact the financial statements:

- There were checks written in December 2012 that the Fiscal Officer voided in the UAN system. However, those checks cleared the bank in 2013. Those checks totaled \$244,461 and were determined to have actually been 2013 disbursements. At the time those checks were written, the Fiscal Officer was attempting to close out 2012 UAN and was operating 2013 UAN in temporary mode which only allowed him to write payroll checks for 2013. There were several checks manually prepared by the Fiscal Officer using an excel program to replicate the look of a check created with UAN. The Fiscal Officer posted the manual disbursements to UAN in May and June 2013 by creating new checks and then manually voiding them. In some cases, the new checks prepared by the Fiscal Officer were out of sequence. The remittance advices for the manual checks were attached to the invoice along with the remittance advice for the new check. In doing so, the manual checks cleared the bank under a different check number and date than what they were posted to UAN.

**FINDING NUMBER 2013-001  
(Continued)**

- There were numerous instances in which the prenumbered checks were out of sequence with the check numbers issued in UAN. As a result, the checks were clearing the bank under one check number but were posted to UAN under a different check number. In some cases, check numbers were only out of sequence by one number. In other cases, they were off by at least ten numbers.
- There were multiple checks voided in 2012 and 2013 due to mistakes made in generating the check and due to the way the Fiscal Officer "entered" manually prepared checks in UAN. The voided checks were maintained by the Township and marked void on their faces
  - There were a total of 250 voided checks for 2013.
  - There were a total of 72 voided checks for 2012.
  - There were a total of 67 voided checks with no dates on them.
- There were checks totaling \$70,220 that were posted to the UAN system in 2013 but were manually voided and should have been voided in the UAN system as well.
- There were checks and electronic fund transfers totaling \$66,862 that cleared the bank but were not posted as disbursements in the UAN system for 2013.
- There was \$5,688 in County Auditor fees that were not posted to the UAN system in 2013.

The above adjustments were made to the UAN system and financial statements by the Independent Public Accountant. As a result of these types of errors, the monthly financial statements provided to the Board of Trustees were not accurate.

We recommend the Fiscal Officer prepare the monthly book-to-bank reconciliation in a timely manner. We also recommend the Fiscal Officer immediately follow-up on any discrepancies noted in the reconciliation process. This will allow the Township to maintain accurate records which the Board of Trustees can rely on for budgeting and planning purposes. Further, we recommend the Fiscal Officer make corrections to the outstanding checks in the UAN system so that the outstanding check listing will only include those checks that have not actually cleared the bank.

*Inaccurate Accounting Records and Financial Statements*

The 2012 financial statements had the following errors that required audit adjustment or reclassification:

- Intergovernmental Receipts were misposted as Property Tax receipts as follows: General Fund \$27,486; Road and Bridge Fund \$20,504; Cemetery Fund \$30,966; and Fire Fund \$24,081
- Intergovernmental receipts from the County Auditor's Office were posted to the wrong funds as follows:
  - \$1,223 in local government monies should have been posted to the General Fund but was posted to the Motor Vehicle License Tax Fund Intergovernmental Revenue (\$40); Gasoline Tax Fund Other Financing Sources (\$108); Road and Bridge Fund Other Financing Sources (\$90); Cemetery Fund Intergovernmental Revenue (\$415); Fire Fund Intergovernmental Revenue (\$320); and Fire and Rescue EMS Fund Other Financing Sources (\$250);

**FINDING NUMBER 2013-001**  
**(Continued)**

- \$122 in cigarette taxes should have been posted to the General Fund but was posted to Road and Bridge Fund Intergovernmental Revenue (\$10); Cemetery Fund Intergovernmental Revenue (\$22); Fire Fund Intergovernmental Revenue (\$16); and Cemetery Bequest Fund Interest (\$74);
- \$7,522 in homestead and rollback monies was posted to the General Fund Intergovernmental Revenue (\$2,301) and Cemetery Fund Intergovernmental Revenue (\$5,221) instead of to the following funds: Road and Bridge Fund (\$4,622) and Fire Fund (\$2,900)
- \$23,378 in tangible personal property reimbursement monies was misposted to Fire Fund Taxes instead of Cemetery Fund Intergovernmental Revenue
- \$5,159 in tangible personal property reimbursement monies was misposted to the Fire and Rescue EMS Fund Other Financing Sources instead of the Fire Fund Intergovernmental Revenue.
- \$400 in Township hall rental receipts were misposted to the OPWC Fund Intergovernmental Revenue instead of General Fund Miscellaneous Revenue.
- \$1,650 was misposted to Cemetery Fund Taxes instead of to Cemetery Fund Licenses, Permits and Fees (\$1,300) to open/close graves and Cemetery Fund Miscellaneous Revenue (\$350) for cemetery lot sales.
- The Township participated in a paving project with the County. The Township's share of the project (\$28,086) was posted as Public Works instead of Capital Outlay in the Gasoline Tax Fund. Furthermore, the on-behalf-of portion (\$18,750) was not posted to the Gasoline Tax Fund as Intergovernmental Revenue and Capital Outlay.
- The Township entered into a capital lease in the amount of \$97,200 for a plow truck. The Inception of Capital Lease and Capital Outlay was not posted to the Road and Bridge Fund. Furthermore, the first payment of \$10,761 was posted as Capital Outlay in the Road and Bridge Fund instead of Principal (\$8,773) and Interest (\$1,988).

The 2013 financial statements had the following errors that required audit adjustment or reclassification:

- Intergovernmental Receipts were misposted as Property Tax receipts as follows: General Fund (\$56,845); Road and Bridge Fund (\$57,487); Cemetery Fund (\$29,255); and Fire Fund (\$8,324).
- Intergovernmental receipts from the County Auditor's Office were posted to the wrong funds as follows:
  - \$35,063 in tangible personal property reimbursement and homestead and rollback monies were misposted to the General Fund instead of as follows: Road and Bridge Fund (\$10,006); Cemetery Fund (\$13,690); and Fire Fund (\$11,367).
  - \$2,134 in gasoline tax monies was posted to the Road and Bridge Fund instead of the Gasoline Tax Fund.
- \$12,490 in Bureau of Workers Compensation refund monies were misposted to the General Fund Intergovernmental Revenue instead of being posted as Miscellaneous Revenue as follows: General Fund (\$3,372); Road and Bridge Fund (\$1,250); Cemetery Fund (\$4,121); and Fire Fund (\$3,747).

**FINDING NUMBER 2013-001**  
**(Continued)**

- \$2,200 in State Fire Marshal monies were misposted as Other Financing Sources instead of Intergovernmental Revenue in the Fire Fund.
- \$16,310 in Tax monies were misposted as Charges for Services in the Fire and Rescue EMS Fund.
- \$4,473 in state monies were misposted as Charges for Services instead of Intergovernmental Revenue in the Fire and Rescue EMS Fund.
- A check written to Ohio Public Employees Retirement System totaling \$28,701 was posted as cleared to the UAN system; however, the check was then posted as Other Revenue or Other Financing Sources instead of having been voided or shown as reductions of expenditures in the following funds: General Fund (\$4,544); Gasoline Tax Fund (\$442); Road and Bridge Fund (\$4,773); Cemetery Fund (\$10,831); Fire Fund (\$284); and Fire and Rescue EMS Fund (\$7,907).
- \$1,248 in Fire Fund taxes were misposted as Cemetery Fund taxes.
- Auction proceeds and jury duty fees were posted to the Road and Bridge Fund (\$3,117) and Fire Fund (\$8,518) as Intergovernmental Revenue instead of as Miscellaneous Revenue.
- \$5,230 for a health insurance payment was posted to the Cemetery Fund as Capital Outlay instead of Health.
- \$21,522 in capital lease payments were posted to the Road and Bridge Fund as Capital Outlay instead of as Principal (\$18,089) and Interest (\$3,433).
- \$30,112 was adjusted to the General Fund General Government from the following funds as a result of the proof of cash: Gasoline Tax Public Works (\$1,397); Road and Bridge Fund Public Works (\$2,509); Cemetery Fund Health (\$23,898); Fire Fund Public Safety (\$1,540); and Fire and Rescue EMS Fund (\$768).
- \$45,370 was adjusted from the General Fund General Government line item to the following funds for unrecorded Ohio Public Employees Retirement System payments that were posted entirely to the General Fund during the proof of cash: Gasoline Tax Fund Public Works (\$1,210); Road and Bridge Fund Public Works (\$10,790); Cemetery Fund Health (\$23,104); Fire Fund Public Safety (\$1,878); and Fire and Rescue EMS Fund (\$8,388).
- \$3,509 misposted as General Fund General Government expenditures with the proof of cash instead of to the following funds to reduce Intergovernmental Revenue for duplicated receipt postings: Gasoline Tax (\$2,399) and Motor Vehicle License Tax Fund (\$1,110).
- Reclassified \$27,001 from General Fund Unassigned Fund Balance to Assigned Fund Balance to account for 2014 appropriations that exceeded estimated receipts. \$60,000 in advances were posted to the financial statements from the Fire Fund to the Debt Service Fund; however, those advances were reversed and eliminated in the UAN system.
- \$16,310 illegal transfer was made from the Fire Fund to the Fire and Rescue EMS Fund.

The Fiscal Officer did not follow the UAN established account codes for all postings. This resulted in audit adjustments and reclassifications to the financial statements as noted above. The financial statements and accounting records were corrected.



**FINDING NUMBER 2013-001  
(Continued)**

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Board of Trustees should adopt policies and procedures, including a final review of the statements and footnotes by the Fiscal Officer and Board of Trustees to identify and correct errors or omissions.

**FINDING NUMBER 2013-002**

**Noncompliance Citation**

Ohio Rev. Code § 145.47(B) provides, in part, the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period.

Ohio Public Employees Retirement System (OPERS) payroll reports for the months of June 2012 through August 2012 were not filed until October 24, 2012, and the reports for March 2013 through September 2013 were each filed after the due dates. There were several months in which remittances of the employee and employer contributions to OPERS were made after the due dates. Furthermore, the gross wages and contributions in several reports were inaccurate due to checks being manually voided. This resulted in the Township paying penalties and interest totaling \$2,685. In February through April 2014, the Fiscal Officer filed amended reports with OPERS, and the Township received multiple refund checks from OPERS for duplicate report contributions refunds.

We recommend the Fiscal Officer file the accurate reports when he completes the payroll for the last pay period of the month. This will ensure the Township does not incur unnecessary penalties and interest.

**FINDING NUMBER 2013-003**

**Noncompliance Citation**

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the Taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting ordinary expenses until no later than April 1.

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Board of Trustees did not approve appropriations for 2013. Furthermore, there were no appropriations filed with the County Auditor. This resulted in the Township not having an appropriation measure in effect for 2013.

Appropriations exceeded estimated resources as follows at December 31, 2012:

**FINDING NUMBER 2013-003  
 (Continued)**

	Appropriations	Estimated Resources	Variance
General Fund	\$ 285,590	\$ 282,818	\$ (2,772)
Cemetery Fund	\$ 735,860	\$ 735,360	\$ (500)

We recommend the Board of Trustees approve appropriations that do not exceed estimated resources on or near the first day of each year. We further recommend both temporary and permanent appropriations, and all amendments thereto, be filed with the County Auditor's Office.

**FINDING NUMBER 2013-004**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it is appropriated.

At December 31, 2013, expenditures exceeded appropriations as follows:

	Appropriations	Expenditures	Variance
General Fund	\$0	\$309,565	(\$309,565)
Motor Vehicle License Tax Fund	\$0	\$10,948	(\$10,948)
Gasoline Tax Fund	\$0	\$90,218	(\$90,218)
Road and Bridge Fund	\$0	\$153,196	(\$153,196)
Cemetery Fund	\$0	\$400,660	(\$400,660)
Fire Fund	\$0	\$334,595	(\$334,595)
Fire and Rescue EMS Fund	\$0	\$361,974	(\$361,974)

At December 31, 2012, expenditures exceeded appropriations as follows:

	Appropriations	Expenditures	Variance
Road and Bridge Fund	\$248,690	\$316,184	(\$67,494)
Fire and Rescue EMS Fund	\$355,078	\$387,906	(\$32,828)

This could result in overspending if not properly monitored.

We recommend the Fiscal Officer not approve expenditures unless monies have been appropriated by the Board of Trustees and filed with the County Auditor.

**FINDING NUMBER 2013-005**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

**FINDING NUMBER 2013-005**  
**(Continued)**

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – 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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township 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 Township.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current 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. Purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
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.

One hundred percent (100%) of disbursements were not properly encumbered due to the Board of Trustees not approving permanent appropriations or filing appropriations with the County Auditor's Office which resulted in unlawful appropriations for 2013. Furthermore, 23% of disbursements tested for 2012 were not properly encumbered. Failure to certify the availability of funds properly can result in overspending funds and negative cash fund balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also 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 funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

**FINDING NUMBER 2013-005  
(Continued)**

We recommend the Board of Trustees approve permanent appropriations and the Fiscal Officer file appropriations with the County Auditor's Office. We further recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**FINDING NUMBER 2013-006**

**Material Weakness**

A budgetary cycle should be in place for all governments. The budgetary process is a plan to coordinate expenditures and resources. The State legislature has adopted laws to control expenditures using tax budgets and appropriations. The Auditor of State believes budgeting, properly used, provides the most important monitoring control a government has. It is impossible to incur a cash deficit if a government complies with the budgetary law. Additionally, the budget is an instrument of public policy. A governing board expresses its desire for using a government's limited resources through its appropriations.

While performing budgetary cycle testing for the Township, it was determined that no budgetary cycle process was in place.

The following items were noted:

- For 2013, there were no budgetary documents filed with the County Auditor's Office as explained in Finding Number 2013-003.
- There was no indication in the minutes that the Board of Trustees approved temporary or permanent appropriations for 2013. Furthermore, there were no temporary or permanent appropriations filed with the County Auditor's Office for 2013. This resulted in 100% of disbursements not being properly encumbered since there were no appropriations certified by the County Auditor. See Finding Number 2013-003.
- Appropriations for 2012 as posted to the UAN system did not agree to appropriations approved by the Board of Trustees. Furthermore, Appropriations were posted to the UAN system for 2013 but were not approved by the Board of Trustees or submitted to the County Auditor's Office. The Independent Public Accountant used the UAN system information when preparing the Township's footnotes. This resulted in the accounting system not matching official activity of the Township and in adjustments to the Township's budgetary footnote as follows: for 2012, the General Fund budgeted expenditures decreased by \$500 (from \$286,090 to \$285,590) and Special Revenue Funds budgeted expenditures decreased by \$54,407 (from \$2,091,444 to \$2,037,037). For 2013, the General Fund budgeted expenditures decreased to \$0 (from \$282,643), Special Revenue Funds budgeted expenditures decreased to \$0 (from \$1,946,545) and Permanent Fund budgeted expenditures decreased to \$0 (from \$32,013)

**FINDING NUMBER 2013-006  
(Continued)**

- Estimated revenues were posted to the UAN system for 2012 and 2013 did not agree to the Amended Certificates of Estimated Resources. The Independent Public Accountant used UAN system information when preparing the Township's footnotes. This resulted in the accounting system not matching the official activity of the Township and in adjustments to the Township's budgetary footnote as follows: for 2012, the General Fund budgeted receipts decreased by \$2,772 (from \$170,279 to \$167,507) and Special Revenue Funds budgeted receipts decreased by \$144,963 (from \$1,070,779 to \$925,816). For 2013, the Special Revenue Funds budgeted receipts decreased by \$25,012 (from \$1,035,178 to \$1,010,166).

These items resulted in a failure to follow Ohio Budgetary Law and could lead to cash deficits if it continues.

We recommend the Fiscal Officer and Board of Trustee's review Ohio Revised Code budgetary requirements to become familiar with Ohio budgetary law. We further recommend the Township develop and implement a budgetary cycle that is in compliance with the Ohio Revised Code and begin approving budgetary documents, maintaining copies on file, and filing the budgetary documents with the County Auditor's Office.

**FINDING NUMBER 2013-007**

**Material Weakness**

Sound payroll controls are the responsibility of the Fiscal Officer and the Board of Trustees and are essential to ensure the accuracy of payments made to employees and to Federal, State and Local agencies as well as to ensure accurate and timely reporting to Federal, State and Local agencies.

As a result of the audit procedures performed, the following payroll process deficiencies were identified:

- There were multiple payroll checks that were manually voided and reissued manually which resulted in checks clearing the bank that were not recorded in UAN.
- Payroll checks cleared the bank prior to the date on the payroll checks.
- Payroll descriptions entered in to UAN for pay periods and months were often inaccurate.
- During 2013, while closing out UAN for 2012 the payroll checks for pay period ending January 5, 2013 were posted to the 2012 UAN and were dated December 31, 2012. These checks were accurately deducted from the 2012 W-2s but were not taken into account when preparing the 2013 W-2s which resulted in understated wages reported.
- There were several manually voided payroll checks that were never properly voided in the UAN system which resulted in overstatements to the 2013 W-2s for several employees as well as overstated wages reported and overpayments made to the Federal and State agencies, retirement agencies, etc
- In addition, the leave accrued or taken that was reported on the voided checks was not adjusted in the UAN system since the voids were not actually done in UAN. Also, sick and vacation leave balances were not monitored within the UAN system to ensure that all leave earned and taken was properly calculated.
- Checks were not issued in sequential order.

**FINDING NUMBER 2013-007  
(Continued)**

- UAN was operated in temporary mode for the first three months of 2013 and resulted in all payroll checks being dated January 1, 2013 regardless of the pay period ending date.
- Multiple voiding and reissuances of checks resulted in overpayment of elected officials' compensation. See Finding Numbers 2013-010 through 2013-013.
- Withholding reports were not submitted timely for Federal, State and local taxes withheld.
- Retirement reports and withholdings were not timely paid into Ohio Public Employees Retirement System which resulted in penalties and interest charges and understated expenditures for 2013.

The above deficiencies resulted in Findings for Recovery for several employees. In addition, inaccurate and untimely reporting of Federal, State and local taxes, retirement withholdings and inaccurate W-2s could result in fines/penalties and interest not only being assessed to the Township. The accumulative impact of the issues above had the potential to materially misstate the financial statements.

We recommend the Board of Trustees adopt policies and procedures, including timely reviews of the UAN payroll accounting system, payroll reports, and payroll checks to identify and correct errors or omissions. We further recommend the Board of Trustees adopt policies and procedures to ensure that withholdings payments and withholding reports are remitted timely.

**FINDING NUMBER 2013-008**

**Material Weakness**

It is important for the Board of Trustees to closely monitor the Township's financial activity due to the small size of the staff and limited segregation of duties within the Township. The Board of Township Trustees should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Township.

The Fiscal Officer failed to provide the Board of Trustees with accurate fund balance reports as well as accurate listing of payments and receipts due to the Fiscal Officer failing to post manually prepared warrants, post receipts and properly reconcile as indicated in Finding Number 2013-001. This could result in errors and/or irregularities occurring and remaining undetected for an extended period of time. For each regular Board of Trustees meeting, the Fiscal Officer should provide accurate monthly financial reports for Board of Trustees to review and approve.

The Board of Trustees should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage and monitor the Township's financial position. In addition, this information can help answer questions such as the following:

Inquiries Relevant to Overall Township Operations:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?

**FINDING NUMBER 2013-008  
(Continued)**

- Is the Township maximizing its return on invested cash balances?
- Is the Township able to achieve the financial goals as set by the original or amended budgets?
- Are expenditures being spent in accordance with the approved appropriations?
- Is there evidence the Township should amend their appropriations and/or estimated resources?

In order to effectively monitor the financial activity and condition of the Township, we recommend the Fiscal Officer provide the Board of Trustees at each regular meeting with a budget vs. actual receipt and expenditure report, financial statements showing cash balances, bank reconciliation report, and a report showing checks paid. We further recommend the review of approval of such reports be documented in the minute record.

**FINDING NUMBER 2013-009**

**Material Weakness**

The Fiscal Officer was unable to reconcile and close out 2012. As a result, he operated the Township's UAN accounting system in temporary mode for the first three months of 2013 while he kept the 2012 system open. For that time frame, we noted the following:

- All nonpayroll checks issued in January through March 2013 were manually prepared using an excel file. In April 2013, the Township was operating 2013 UAN in normal mode. The Fiscal Officer did not manually input all disbursement information into the UAN system until May and June 2013. We identified instances in which the Fiscal Officer misposted the amounts of the manual checks or posted the disbursements to line items that differed from the information printed on the manual check and remittance advice using the excel file. Furthermore, when the Fiscal Officer posted the manual checks to UAN, he printed new checks through UAN in order to get the manual checks posted to the system. He then manually voided the new checks. As a result, there were at least two check numbers associated with each manual check; one check number that was on the check that cleared the bank and another check number to post the disbursement to UAN.
- The Township used an old version of UAN (version 17.0) for 2012. They obtained an update for UAN for 2013 (version 2014.1). However, since the Fiscal Officer was operating in both the 2012 UAN and the 2013 UAN temporary mode for January through March 2013, there were 2012 reports showing up in the UAN version 2014.1. Even though these 2012 reports show that the activity was posted in 2012, since both UAN systems were being operated at the same time, this resulted in questions regarding whether adequate cutoff was achieved for 2012. Therefore, we compared canceled checks to timesheets and the UAN system to gain assurance of cutoff.
- Additionally, we were able to determine that some transactions dated December 31, 2012 were actually written in 2013. The Fiscal Officer wrote the checks dated December 31, 2012 then voided those transactions in UAN. However, those checks were actually handed/mailed out and cleared the bank in 2013 which supported that the transactions were actually related to 2013. The Independent Public Accountant, hired by the Township to perform a proof of cash, made appropriate adjustments to the accounting system to appropriately reflect that activity in 2013. There we also noted some payroll checks dated December 31, 2012 which were for the pay period of December 23, 2012 through January 5, 2013. These checks were determined to have actually been issued on January 7, 2013. The financial statements were adjusted for this activity.

**FINDING NUMBER 2013-009  
(Continued)**

- The payroll checks were prepared through the UAN system for January through March 2013; however, since UAN was being operated in temporary mode, all payroll checks were printed with the date of January 1, 2013 and were posted in the UAN system as having a transaction date of January 1, 2013.
- There was no receipt information posted to the UAN system until April 2013. Per scan of the 2012 duplicate receipt books, we noted that there was a receipt (receipt #723463, dated December 31, 2012, in the amount of \$400) that was not posted to the UAN system until April 13, 2013 (transaction date) as receipt #3-2013 with a receipt date of January 1, 2013 and a post date of January 30, 2013. Furthermore, the Fiscal Officer did not post receipts to the UAN system in a timely manner throughout 2013. We noted a receipt in the amount of \$4,100 that was deposited on September 5, 2013; however, the Fiscal Officer did not post it to the UAN system until November 11, 2013.

We recommend the Fiscal Officer close out each month and year in a timely fashion so as to prevent running UAN in temporary mode.

**FINDING NUMBER 2013-010**

**Finding for Recovery and Noncompliance Citation**

Ohio Rev. Code § 505.24 defines, in part, the maximum compensation allowed for Township Trustees based on their annual budget. During 2012, the Township Trustees were entitled to annual compensation of \$11,318 or \$56.59 per day up to a maximum of 200 days, based on the Township's budget being between \$1,500,001 and \$3,500,000.

As stated above, the Township Trustees were entitled to be paid at the rate of \$56.59 per day for 2012. The Fiscal Officer, however, erroneously paid the Tom Straub, Township Trustee for an extra month, in the gross amount of \$943.16 via check number 33099, dated December 31, 2012, in the net amount of \$491.20. The check issuing the incorrect payment was signed by the Township Trustees and the Fiscal Officer.

During January 1 through June 19, 2013, the Township Trustees were entitled to annual compensation of \$10,288 or \$51.44 per day up to a maximum of 200 days, based on the Township's budget being between \$750,001 and \$1,500,000. The Township's Official Certificate of Estimated Resources for 2013, which was dated August 27, 2012, showed a total of \$1,325,473 and increased to \$1,804,832 with the First Amended Official Certificate of Estimated Resources dated June 20, 2013. During June 20, 2013 through December 31, 2013, the Township Trustees were entitled to annual compensation of \$11,318, or \$56.59 per day up to a maximum of 200 days, based on the Township's budget being between \$1,500,001 and \$3,500,000. The Township's total increased to \$479,359 as a result of the Certificate of Total Amount From All Sources Available for Expenditures, Balances having been filed with the County Auditor's Office on June 20, 2013.

As stated above, the Township Trustees were entitled to be paid at the rate of \$51.44 per day from January 1, 2013 through June 19, 2013. From June 20, 2013 through December 31, 2013, the Township Trustees were entitled to be paid at the rate of \$56.59 per day. The Township, however, erroneously paid the Township Trustees at an incorrect rate for January 1, 2013 to July 17, 2013. The checks issuing the incorrect payments were signed by the Township Trustees and the Fiscal Officer. This resulted in the Township Trustee, Tom Straub, being overpaid as follows:



**FINDING NUMBER 2013-010  
 (Continued)**

Trustee Name	Ohio Rev. Code Approved Pay from January 1, 2013 to June 19, 2013	Ohio Rev. Code Approved Pay from June 20, 2013 to December 31, 2013	Total Ohio Rev. Code Approved Pay for 2013	2013 Actual Amount Paid	2013 Over / (Under) Payment
Tom Straub	\$4,830	\$6,005	\$10,835	\$11,318	\$483

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tom Straub, Scioto Township Trustee, and his surety company, Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$1,426 (\$943 + \$483) and in favor of Scioto Township, Ross County, General Fund for \$357 and Fire Fund for \$1,069.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Township Officers signed the warrant resulting in improper payment. Township Trustees Paul Corcoran and John Wetzel, Fiscal Officer David May and their bonding companies, Ohio Township Association Risk Management Authority and Travelers Casualty and Surety Company of America will be jointly and severally liable in the amount of \$1,426 and in favor of the General Fund and Fire Fund to the extent that recovery is not obtained from Tom Straub, Scioto Township Trustee.

**FINDING NUMBER 2013-011**

**Finding for Recovery and Noncompliance Citation**

Ohio Rev. Code § 505.24 defines, in part, the maximum compensation allowed for Township Trustees based on their annual budget. During 2013, the Township Trustees were entitled to annual compensation of \$11,318 or \$56.59 per day up to a maximum of 200 days, based on the Township’s budget being between \$1,500,001 and \$3,500,000.

As stated above, the Township Trustees were entitled to be paid at the rate of \$56.59 per day for 2013. The Fiscal Officer, however, erroneously paid the Paul Corcoran, Township Trustee for an extra month, in the gross amount of \$943.16, via check number 33074, dated December 31, 2012, in the net amount of \$723.74. The check issuing the incorrect payment was signed by the Township Trustees and the Fiscal Officer.

During January 1 through June 19, 2013, the Township Trustees were entitled to annual compensation of \$10,288 or \$51.44 per day up to a maximum of 200 days, based on the Township’s budget being between \$750,001 and \$1,500,000. The Township’s Official Certificate of Estimated Resources for 2013, which was dated August 27, 2012, showed a total of \$1,325,473 and increased to \$1,804,832 with the First Amended Official Certificate of Estimated Resources dated June 20, 2013. During June 20, 2013 through December 31, 2013, the Township Trustees were entitled to annual compensation of \$11,318, or \$56.59 per day up to a maximum of 200 days, based on the Township’s budget being between \$1,500,001 and \$3,500,000. The Township’s total increased to \$479,359 as a result of the Certificate of Total Amount From All Sources Available for Expenditures, Balances having been filed with the County Auditor’s Office on June 20, 2013.

**FINDING NUMBER 2013-011  
 (Continued)**

As stated above, the Township Trustees were entitled to be paid at the rate of \$51.44 per day from January 1, 2013 through June 19, 2013. From June 20, 2013 through December 31, 2013, the Township Trustees were entitled to be paid at the rate of \$56.59 per day. The Township, however, erroneously paid the Trustees at an incorrect rate for January 1, 2013 to July 17, 2013. The checks issuing the incorrect payments were signed by the Trustees and the Fiscal Officer. This resulted in the Township Trustee, Corcoran, being overpaid as follows:

Trustee Name	Ohio Rev. Code Approved Pay from January 1, 2013 to June 19, 2013	Ohio Rev. Code Approved Pay from June 20, 2013 to December 31, 2013	Total Ohio Rev. Code Approved Pay for 2013	2013 Actual Amount Paid	2013 Over / (Under) Payment
Paul Corcoran	\$4,830	\$6,005	\$10,835	\$11,318	\$483

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Paul Corcoran, Scioto Township Trustee, and his surety company, Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$1,426 (\$943 + \$483) and in favor of Scioto Township, Ross County, General Fund for \$357 and Cemetery Fund for \$1,069.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Township Officers signed the warrant resulting in improper payment. Township Trustees Tom Straub and John Wetzel, Fiscal Officer David May and their bonding companies, Ohio Township Association Risk Management Authority and Travelers Casualty and Surety Company of America will be jointly and severally liable in the amount of \$1,426 and in favor of the General Fund and Cemetery Fund to the extent that recovery is not obtained from Paul Corcoran, Scioto Township Trustee.

**FINDING NUMBER 2013-012**

**Finding for Recovery and Noncompliance Citation**

Ohio Rev. Code § 505.24 defines, in part, the maximum compensation allowed for Township Trustees based on their annual budget. During 2012, the Township Trustees were entitled to annual compensation of \$11,318 or \$56.59 per day up to a maximum of 200 days, based on the Township’s budget being between \$1,500,001 and \$3,500,000.

As stated above, the Township Trustees were entitled to be paid at the rate of \$56.59 per day for 2012. The Fiscal Officer, however, erroneously paid the John Wetzel, Township Trustee for an extra month, in the gross amount of \$943.16 via check number 33083, dated December 31, 2012, in the net amount of \$827.31. The check issuing the incorrect payment was signed by the Trustees and the Fiscal Officer.

**FINDING NUMBER 2013-012**  
**(Continued)**

During January 1 through June 19, 2013, the Township Trustees were entitled to annual compensation of \$10,288 or \$51.44 per day up to a maximum of 200 days, based on the Township's budget being between \$750,001 and \$1,500,000. The Township's Official Certificate of Estimated Resources for 2013, which was dated August 27, 2012, showed a total of \$1,325,473 and increased to \$1,804,832 with the First Amended Official Certificate of Estimated Resources dated June 20, 2013. During June 20, 2013 through December 31, 2013, the Township Trustees were entitled to annual compensation of \$11,318, or \$56.59 per day up to a maximum of 200 days, based on the Township's budget being between \$1,500,001 and \$3,500,000. The Township's total increased to \$479,359 as a result of the Certificate of Total Amount From All Sources Available for Expenditures, Balances having been filed with the County Auditor's Office on June 20, 2013.

As stated above, the Township Trustees were entitled to be paid at the rate of \$51.44 per day from January 1, 2013 through June 19, 2013. From June 20, 2013 through December 31, 2013, the Township Trustees were entitled to be paid at the rate of \$56.59 per day. The Township, however, erroneously paid the Township Trustees at an incorrect rate for January 1, 2013 to July 17, 2013. The checks issuing the incorrect payments were signed by the Township Trustees and the Fiscal Officer. However, Mr. Wetzel was only paid for 11 months of 2013. This resulted in the Township Trustee, John Wetzel, being underpaid as follows:

Trustee Name	Ohio Rev. Code Approved Pay from January 1, 2013 to June 19, 2013	Ohio Rev. Code Approved Pay from June 20, 2013 to December 31, 2013	Total Ohio Rev. Code Approved Pay for 2013	2013 Actual Amount Paid	2013 Over / (Under) Payment
John Wetzel	\$4,830	\$6,005	\$10,835	\$10,375	(\$460)

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against John Wetzel, Scioto Township Trustee, and his surety company, Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$483 (\$943 - \$460) and in favor of Scioto Township, Ross County, General Fund for \$241 and Road and Bridge Fund for \$242.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Officers signed the warrant resulting in improper payment. Township Trustees Paul Corcoran and Tom Straub, Fiscal Officer David May and their bonding companies, Ohio Township Association Risk Management Authority and Travelers Casualty and Surety Company of America will be jointly and severally liable in the amount of \$483 and in favor of the General Fund and Road and Bridge Fund to the extent that recovery is not obtained from John Wetzel, Scioto Township Trustee.

**FINDING NUMBER 2013-013**

**Finding for Recovery and Noncompliance Citation**

Ohio Rev. Code § 507.09 defines, in part, the maximum compensation allowed for Fiscal Officers based on their annual budget. During 2012, the Fiscal Officer was entitled to annual compensation of \$19,806 based on the Township's budget being between \$1,500,001 and \$3,500,000.

As stated above, the Fiscal Officer was entitled to be paid \$19,806 or \$1,650.50 per month. The Fiscal Officer, however, erroneously paid himself for an extra month in the gross amount of \$1,651, via check number 33078, dated December 31, 2012, in the net amount of \$1,386.22. The check issuing the incorrect payment was signed by the Township Trustees and the Fiscal Officer.

During January 1 through June 19, 2013, the Fiscal Officer was entitled to annual compensation of \$16,977 based on the Township's budget being between \$750,001 and \$1,500,000. The Township's Official Certificate of Estimated Resources for 2013, which was dated August 27, 2012, showed a total of \$1,325,473 and increased to \$1,804,832 with the First Amended Official Certificate of Estimated Resources dated June 20, 2013. During June 20, 2013 through December 31, 2013, the Township Fiscal Officer was entitled to annual compensation of \$19,806 based on the Township's budget being between \$1,500,001 and \$3,500,000. The Township's total increased to \$479,359 as a result of the Certificate of Total Amount From All Sources Available for Expenditures, Balances having been filed with the County Auditor's Office on June 20, 2013.

As stated above, the Fiscal Officer was entitled to be paid annual compensation of \$16,977 from January 1, 2013 through June 19, 2013. From June 20, 2013 through December 31, 2013, the Fiscal Officer was entitled to be paid annual compensation of \$19,806; however, the Fiscal Officer resigned effective November 30, 2013. The Township, however, erroneously paid the Fiscal Officer at an incorrect rate for January 1, 2013 to June 19, 2013. The checks issuing the incorrect payments were signed by the Township Trustees and the Fiscal Officer. This resulted in the Fiscal Officer being overpaid as follows:

Fiscal Officer Name	Ohio Rev. Code Approved Pay from January 1, 2013 to June 19, 2013	Ohio Rev. Code Approved Pay from June 20, 2013 to November 30, 2013	Total Ohio Rev. Code Approved Pay for 2013	2013 Actual Amount Paid	2013 Over / (Under) Payment
David May	\$7,970	\$8,857	\$16,827	\$18,161	\$1,334

The Fiscal Officer's last check earned for November 2013 was in the gross amount of \$1,651, via check number 33709, dated November 27, 2013, in the net amount of \$1,364.33. As of December 31, 2014, that check has not cleared the Township's bank. A stop payment order was placed on this check.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against David May, former Scioto Township Fiscal Officer, and his surety company, Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$1,334 (\$1,651 + \$1,334 - \$1,651) and in favor of Scioto Township, Ross County, General Fund for \$1,334.

**FINDING NUMBER 2013-013  
(Continued)**

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; State, ex. Rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Officers signed the warrants resulting in improper payments. Township Trustees Paul Corcoran, Tom Straub, and John Wetzel, and their bonding company, Ohio Township Association Risk Management Authority will be jointly and severally liable in the amount of \$1,334 and in favor of the General Fund to the extent that recovery is not obtained from David May, former Scioto Township Fiscal Officer.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

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**SCIOTO TOWNSHIP  
ROSS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Ohio Admin. Code §§ 117-02-01(A) and 117-2-01(B)(1) – Financial statement adjustments	No	Reissued as Finding Number 2013-001

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# Dave Yost • Auditor of State

**SCIOTO TOWNSHIP**

**ROSS 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  
DECEMBER 31, 2015**