

**Scioto Township
Pickaway County**

Regular Audit

For the Years Ended December 31, 2007 and 2006
Fiscal Years Audited Under GAGAS: 2007 and 2006

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Mary Taylor, CPA
Auditor of State

Board of Trustees
Scioto Township
P.O. Box 40
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We have reviewed the *Independent Auditor's Report* of Scioto Township, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2006 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 27, 2008

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Scioto Township
 Pickaway County, Ohio
 For the Years Ended December 31, 2007 and 2006
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Independent Auditor's Report

Board of Trustees
Scioto Township
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We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our 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 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 basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pickaway County, Ohio as of December 31, 2007 and 2006, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and major special revenue funds, for the years then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, 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.

Scioto Township
Independent Auditors' Report

The Management's Discussion and Analysis on pages 3-9 is not required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2008

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of Scioto Township's (the Township's) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Highlights

Key financial highlights for 2007 and 2006 are as follows:

Net assets of governmental activities increased \$135,234 or 8.7 percent, in 2007. Net assets of governmental activities increased \$331,208, or 26.9 percent in 2006.

The Township's general receipts are primarily property and other local taxes. These receipts represent 38.1 percent of the total cash received for governmental activities during 2007 and 36.8 percent of the total cash received for governmental activities during 2006. Property and other local tax receipts for 2007 increased by 43 percent mostly due to increases in property values and due to a full year collection of a renewal fire levy tax rate increase.

The fund most affected by the increase in cash and cash equivalents in 2007 and 2006 was the General fund, which realized an increase in revenues during both years.

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

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, 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 end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

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

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

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Reporting the Township's Most Significant Funds

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

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2007 and 2006 the Township's major governmental funds are the General, Road and Bridge, and Fire and Emergency Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 and 2006 compared to 2005 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities				
	2007	2006	Difference	2005	Difference
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,695,813	\$ 1,560,579	\$ 135,234	\$ 1,229,371	\$ 331,208
Total Assets	<u>\$ 1,695,813</u>	<u>\$ 1,560,579</u>	<u>\$ 135,234</u>	<u>\$ 1,229,371</u>	<u>\$ 331,208</u>
Net Assets					
Restricted	\$ 885,956	\$ 921,462	\$ (35,506)	\$ 759,702	\$ 161,760
Unrestricted	809,857	639,117	170,740	469,669	169,448
Total Net Assets	<u>\$ 1,695,813</u>	<u>\$ 1,560,579</u>	<u>\$ 135,234</u>	<u>\$ 1,229,371</u>	<u>\$ 331,208</u>

As mentioned previously, net assets of governmental activities increased \$135,234 or 8.7 percent during 2007. Total cash receipts increased \$657,740 or 38.1 percent during 2007. Cash disbursements increased 853,714 or 61.2 percent.

Net assets of governmental activities increased \$331,208 or 26.9 percent during 2006. Along with a decrease in cash receipts of \$52,049 or 2.9 percent, cash disbursements decreased \$291,595 or 17.3 percent. As a result, cash receipts were still higher than cash disbursements.

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets in 2007 and 2006.

	Governmental Activities 2007	Governmental Activities 2006	Difference	Governmental Activities 2005	Difference
Receipts:					
Program Receipts:					
Charges for Services	\$ 759,950	\$ 736,791	\$ 23,159	\$ 802,582	\$ (65,791)
Operating Grants and Contributions	208,866	168,657	40,209	171,156	(2,499)
Capital Grants and Contributions	113,632	10,360	103,272	164,824	(154,464)
Total Program Receipts	<u>1,082,448</u>	<u>915,808</u>	<u>166,640</u>	<u>1,138,562</u>	<u>(222,754)</u>
General Receipts:					
Property and Other Local Taxes	907,847	634,894	272,953	556,236	78,658
Grants and Entitlements Not Restricted to Specific Programs	137,596	92,965	44,631	41,124	51,841
Proceeds from Tax Anticipation Notes	150,000	-	150,000	-	-
Proceeds from Sale of Assets	3,751	-	3,751	-	-
Interest	78,726	56,884	21,842	25,522	31,362
Miscellaneous	24,492	26,569	(2,077)	17,725	8,844
Total General Receipts	<u>1,302,412</u>	<u>811,312</u>	<u>491,100</u>	<u>640,607</u>	<u>170,705</u>
Total Receipts	<u>2,384,860</u>	<u>1,727,120</u>	<u>657,740</u>	<u>1,779,169</u>	<u>(52,049)</u>
Disbursements:					
General Government	249,961	164,467	85,494	129,641	34,826
Public Safety	1,243,653	980,619	263,034	967,839	12,780
Public Works	304,167	168,166	136,001	301,378	(133,212)
Health	26,134	22,432	3,702	19,744	2,688
Capital Outlay	411,609	14,000	397,609	223,577	(209,577)
Debt Service	14,102	46,228	(32,126)	45,328	900
Total Disbursements	<u>2,249,626</u>	<u>1,395,912</u>	<u>853,714</u>	<u>1,687,507</u>	<u>(291,595)</u>
Increase / (Decrease) in Net Assets	135,234	331,208	(195,974)	91,662	239,546
Net Assets, January 1	<u>1,560,579</u>	<u>1,229,371</u>	<u>331,208</u>	<u>1,137,709</u>	<u>91,662</u>
Net Assets, December 31	<u>\$ 1,695,813</u>	<u>\$ 1,560,579</u>	<u>\$ 135,234</u>	<u>\$ 1,229,371</u>	<u>\$ 331,208</u>

Program receipts represent 45.4 percent of total receipts in 2007 and 53 percent of total receipts in 2006 and are comprised of charges for services, operating grants and contributions, and capital grants and contributions.

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

General receipts represent 56.6 percent of the Township's total receipts for 2007 and 47 percent of the Township's total receipts for 2006, and of this amount, 69.7 percent are property and other local taxes in 2007 and 78.3 percent are property and other local taxes in 2006. Grants and entitlements not restricted to specific programs and proceeds from tax anticipation notes represent 10.5 percent and 11.1 percent of the Township's general receipts, respectively in 2007. Grants and entitlements not restricted to specific programs represent 11.5 percent of the Township's general receipts in 2006. Other receipts are insignificant and somewhat unpredictable revenue sources.

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

Public Safety is the cost of fire protection and EMS; Public Works is the cost of maintaining and repairing roads and similar items; Health is for health services provided to the Township; Capital Outlay represents the cost of purchases of equipment and other assets.

For 2007, receipts from capital grants and contributions increased \$103,272 or 996.8 percent due to an increase in grants received. Receipts from property and other local taxes increased \$272,953 or 43 percent due to an increase in property values and also due to a full year collection of a renewal fire levy tax rate increase.

Disbursements for general government increased \$85,494 or 52.1 percent primarily due to increases in health insurance costs and disbursements for zoning costs. Disbursements for public safety increased \$263,034 or 26.8 percent primarily due to increased costs related to the Orient Correctional Institution contract. Disbursements for public works increased \$136,001 or 80.9 percent due to an increase in road work projects. Disbursements for capital outlay increased \$397,609 primarily due to the purchase of an emergency vehicle and a township truck.

For 2006, receipts from capital grants and contributions decreased \$154,464 or 93.7 percent due to a decrease in grants received. Receipts from property and other local taxes increased \$78,658 or 14.1 percent due to an increase in property values and also due to a partial year collection of a renewal fire levy tax rate increase.

Disbursements for public works decreased \$133,212 or 44.2 percent due to a decrease in road work projects. Disbursements for capital outlay decreased \$209,577 or 93.7 percent due to a decrease in equipment purchases.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 13, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. In 2007, the major program disbursements for governmental activities are for public safety, public works and capital outlay, which account for 55.3, 13.5 and 18.3 percent of all governmental disbursements, respectively. In 2006, the major program disbursements for governmental activities are for general government, public safety, and public works, which account for 11.8, 70.2 and 12.0 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Cash Receipts identifies amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money mainly provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

(Table 3)

Governmental Activities

	Total Cost Of Services 2007	Net Cost/ (Revenue) of Services 2007	Total Cost of Services 2006	Net Cost/ (Revenue) of Services 2006
General Government	\$ 249,961	\$ 206,340	\$ 164,467	\$ 110,328
Public Safety	1,243,653	491,175	980,619	287,196
Public Works	304,167	173,433	168,166	45,850
Health	26,134	17,096	22,432	7,643
Capital Outlay	411,609	265,769	14,000	(15,087)
Debt Service	14,102	13,365	46,228	44,174
Total Expenses	\$ 2,249,626	\$ 1,167,178	\$ 1,395,912	\$ 480,104

The Township's Funds

Total governmental funds had total receipts and other financing sources of \$2,384,860 and disbursements of \$2,249,626 in 2007 and receipts of \$1,727,120 and disbursements of \$1,395,912 in 2006. The greatest change within governmental funds occurred within the General fund in 2007 and 2006. In 2007, the fund balance of the General fund increased \$170,740 primarily as the result of increased property tax revenue, intergovernmental and earnings on investments. The fund balance of the Road and Bridge fund increased by \$49,525 in 2007 primarily due to an excess of cash receipts over cash disbursements. The fund balance of the Fire and Emergency fund increased \$69,198 in 2007 primarily due to an increase in cash receipts for property and other local taxes and proceeds of the issuance of tax anticipation notes which was partially offset by an increase in cash disbursements for public safety.

The fund balance of the General fund increased by \$169,448 in 2006 primarily as a result of an increase in property tax, intergovernmental, licenses, permits and fees and earnings on investments. The fund balance of the Road and Bridge fund increased by \$87,431 in 2006 primarily due to a decrease in cash disbursements for public works. The fund balance of the Fire and Emergency fund increased \$34,349 in 2006 primarily due to an excess of cash receipts over cash disbursements.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the course of calendar years 2007 and 2006 the Township amended its budget several times. The Township uses fund budgeting and the budgeting systems are designed to tightly control the total funds' budget.

Scioto Township, Pickaway County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

For 2007, General fund budget basis actual receipts were \$362,488. Final budget cash receipts for property and other local taxes were \$169,923, an increase of \$98,469 from the original budget due to an expected increase in receipts attributable to higher property values. Final budget cash receipts for interest were \$62,891, an increase of \$42,891 from the original budget due to an increase in expected receipts attributable to a higher investment balance. Actual receipts for property and other local taxes were \$105,406, \$64,357 under the final budget. Actual intergovernmental receipts were \$137,596, \$122,596 over the final budget.

Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2007 were \$191,748, \$170,740 under cash receipts. Final budget cash disbursements for general government were \$196,378, an increase of \$46,778 from the original budget due to higher costs than originally anticipated.

For 2006, General fund budget basis actual receipts were \$304,783. Final budget cash receipts for property and other local taxes were \$94,000, an increase of \$53,692 from the original budget due to an expected increase in receipts attributable to higher property values. Final budget intergovernmental cash receipts were \$10,000, a decrease of \$28,058 from the original budget due to an expected decrease in cash receipts. However, actual intergovernmental cash receipts were \$92,965, \$82,965 over the final budget. Actual cash receipts for interest were \$51,733, \$40,111 over the final budget.

Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2006 were \$135,335, \$169,448 under cash receipts.

Debt

At December 31, 2007 and 2006, the Township had debt outstanding of \$160,000 and \$20,000. For additional information on debt, see Note 8 to the basic financial statements.

Current Financial Related Activities

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

Contacting the Township's Financial Management

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

Scioto Township, Pickaway County
Statement of Net Assets - Cash Basis
As of December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,695,813
<i>Total Assets</i>	<u>\$ 1,695,813</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 64,019
Other Purposes	821,937
Unrestricted	<u>809,857</u>
<i>Total Net Assets</i>	<u>\$ 1,695,813</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Net Assets - Cash Basis
As of December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,560,579
<i>Total Assets</i>	\$ 1,560,579
Net Assets	
Restricted for:	
Capital Projects	\$ 123,875
Other Purposes	797,587
Unrestricted	639,117
<i>Total Net Assets</i>	\$ 1,560,579

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 249,961	\$ 43,621	\$ -	\$ -	\$ (206,340)
Public Safety	1,243,653	687,491	64,987	-	(491,175)
Public Works	304,167	-	130,734	-	(173,433)
Health	26,134	9,038	-	-	(17,096)
Capital Outlay	411,609	19,800	12,408	113,632	(265,769)
Debt Service:					
Principal	10,000	-	523	-	(9,477)
Interest	4,102	-	214	-	(3,888)
<i>Total Governmental Activities</i>	<u>\$ 2,249,626</u>	<u>\$ 759,950</u>	<u>\$ 208,866</u>	<u>\$ 113,632</u>	<u>\$ (1,167,178)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					105,566
Other Purposes					802,281
Grants and Entitlements not Restricted to Specific Programs					137,596
Proceeds from Tax Anticipation Notes					150,000
Proceeds from Sale of Assets					3,751
Interest					78,726
Miscellaneous					24,492
<i>Total General Receipts</i>					<u>1,302,412</u>
Change in Net Assets					135,234
<i>Net Assets - Beginning of Year</i>					<u>1,560,579</u>
<i>Net Assets - End of Year</i>					<u>\$ 1,695,813</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 164,467	\$ 54,139	\$ -	\$ -	\$ (110,328)
Public Safety	980,619	649,863	43,560	-	(287,196)
Public Works	168,166	-	122,316	-	(45,850)
Health	22,432	14,789	-	-	(7,643)
Capital Outlay	14,000	18,000	727	10,360	15,087
Debt Service:					
Principal	40,000	-	1,777	-	(38,223)
Interest	6,228	-	277	-	(5,951)
<i>Total Governmental Activities</i>	<u>\$ 1,395,912</u>	<u>\$ 736,791</u>	<u>\$ 168,657</u>	<u>\$ 10,360</u>	<u>\$ (480,104)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					98,463
Other Purposes					536,431
Grants and Entitlements not Restricted to Specific Programs					92,965
Interest					56,884
Miscellaneous					26,569
<i>Total General Receipts</i>					<u>811,312</u>
Change in Net Assets					331,208
<i>Net Assets - Beginning of Year</i>					<u>1,229,371</u>
<i>Net Assets - End of Year</i>					<u>\$ 1,560,579</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2007

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 809,857	\$ 239,515	\$ 328,145	\$ 318,296	\$ 1,695,813
<i>Total Assets</i>	<u>\$ 809,857</u>	<u>\$ 239,515</u>	<u>\$ 328,145</u>	<u>\$ 318,296</u>	<u>\$ 1,695,813</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 809,857	\$ -	\$ -	\$ -	\$ 809,857
Special Revenue Funds	-	239,515	328,145	254,277	821,937
Capital Projects Funds	-	-	-	64,019	64,019
<i>Total Fund Balances</i>	<u>\$ 809,857</u>	<u>\$ 239,515</u>	<u>\$ 328,145</u>	<u>\$ 318,296</u>	<u>\$ 1,695,813</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2006

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 639,117	\$ 189,990	\$ 258,947	\$ 472,525	\$ 1,560,579
<i>Total Assets</i>	<u>\$ 639,117</u>	<u>\$ 189,990</u>	<u>\$ 258,947</u>	<u>\$ 472,525</u>	<u>\$ 1,560,579</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 639,117	\$ -	\$ -	\$ -	\$ 639,117
Special Revenue Funds	-	189,990	258,947	348,650	797,587
Capital Projects Funds	-	-	-	123,875	123,875
<i>Total Fund Balances</i>	<u>\$ 639,117</u>	<u>\$ 189,990</u>	<u>\$ 258,947</u>	<u>\$ 472,525</u>	<u>\$ 1,560,579</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Fiduciary Assets and Liabilities
Agency Fund
As of December 31, 2006

	<u>Agency Fund</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 8,000</u>
LIABILITIES:	
Undistributed Monies	<u>\$ 8,000</u>

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

Scioto Township, Pickaway County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 105,566	165,907	602,387	33,987	\$ 907,847
Charges for Services	-	-	687,491	-	687,491
Intergovernmental	137,596	20,715	76,578	225,205	460,094
Licenses, Permits and Fees	48,538	-	-	23,921	72,459
Interest	69,911	-	-	8,815	78,726
Other	877	4,245	14,463	4,907	24,492
<i>Total Receipts</i>	<u>362,488</u>	<u>190,867</u>	<u>1,380,919</u>	<u>296,835</u>	<u>2,231,109</u>
Disbursements					
Current:					
General Government	172,323	-	-	77,638	249,961
Public Safety	-	-	1,243,653	-	1,243,653
Public Works	-	130,738	-	173,429	304,167
Health	19,425	-	-	6,709	26,134
Capital Outlay	-	10,604	207,717	193,288	411,609
Debt Service:					
Principal Retirement	-	-	10,000	-	10,000
Interest and Fiscal Charges	-	-	4,102	-	4,102
<i>Total Disbursements</i>	<u>191,748</u>	<u>141,342</u>	<u>1,465,472</u>	<u>451,064</u>	<u>2,249,626</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>170,740</u>	<u>49,525</u>	<u>(84,553)</u>	<u>(154,229)</u>	<u>(18,517)</u>
Other Financing Sources					
Proceeds from Sale of Assets	-	-	3,751	-	3,751
Proceeds from Tax Anticipation Notes	-	-	150,000	-	150,000
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>153,751</u>	<u>-</u>	<u>153,751</u>
<i>Net Change in Fund Balances</i>	170,740	49,525	69,198	(154,229)	135,234
<i>Fund Balances - Beginning of Year</i>	<u>639,117</u>	<u>189,990</u>	<u>258,947</u>	<u>472,525</u>	<u>1,560,579</u>
<i>Fund Balances - End of Year</i>	<u>\$ 809,857</u>	<u>\$ 239,515</u>	<u>\$ 328,145</u>	<u>\$ 318,296</u>	<u>\$ 1,695,813</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General Fund	Road and Bridge Fund	Fire and Emergency Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 98,463	\$ 157,512	\$ 347,146	\$ 31,773	\$ 634,894
Charges for Services	-	-	649,863	-	649,863
Intergovernmental	92,965	18,719	45,614	114,684	271,982
Licenses, Permits and Fees	61,000	-	-	25,928	86,928
Interest	51,733	-	-	5,151	56,884
Other	622	4,924	18,573	2,450	26,569
<i>Total Receipts</i>	<u>304,783</u>	<u>181,155</u>	<u>1,061,196</u>	<u>179,986</u>	<u>1,727,120</u>
Disbursements					
Current:					
General Government	120,092	-	-	44,375	164,467
Public Safety	-	-	980,619	-	980,619
Public Works	-	90,084	-	78,082	168,166
Health	15,243	-	-	7,189	22,432
Capital Outlay	-	3,640	-	10,360	14,000
Debt Service:					
Principal Retirement	-	-	40,000	-	40,000
Interest and Fiscal Charges	-	-	6,228	-	6,228
<i>Total Disbursements</i>	<u>135,335</u>	<u>93,724</u>	<u>1,026,847</u>	<u>140,006</u>	<u>1,395,912</u>
<i>Net Change in Fund Balances</i>	169,448	87,431	34,349	39,980	331,208
<i>Fund Balances - Beginning of Year</i>	<u>469,669</u>	<u>102,559</u>	<u>224,598</u>	<u>432,545</u>	<u>1,229,371</u>
<i>Fund Balances - End of Year</i>	<u>\$ 639,117</u>	<u>\$ 189,990</u>	<u>\$ 258,947</u>	<u>\$ 472,525</u>	<u>\$ 1,560,579</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 71,454	\$ 169,923	\$ 105,566	\$ (64,357)
Intergovernmental	15,000	15,000	137,596	122,596
Licenses, Permits and Fees	41,600	41,600	48,538	6,938
Interest	20,000	62,891	69,911	7,020
Other	1,000	1,000	877	(123)
<i>Total Receipts</i>	<u>149,054</u>	<u>290,414</u>	<u>362,488</u>	<u>72,074</u>
Disbursements				
Current:				
General Government	149,600	196,378	172,323	24,055
Health	20,000	20,000	19,425	575
Capital Outlay	2,500	-	-	-
<i>Total Disbursements</i>	<u>172,100</u>	<u>216,378</u>	<u>191,748</u>	<u>24,630</u>
<i>Net Change in Fund Balance</i>	(23,046)	74,036	170,740	96,704
<i>Fund Balance Beginning of Year</i>	<u>639,117</u>	<u>639,117</u>	<u>639,117</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 616,071</u>	<u>\$ 713,153</u>	<u>\$ 809,857</u>	<u>\$ 96,704</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Road and Bridge Fund
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 141,000	\$ 141,000	\$ 165,907	\$ 24,907
Intergovernmental	4,109	4,109	20,715	16,606
Other	5,000	5,000	4,245	(755)
<i>Total Receipts</i>	<u>150,109</u>	<u>150,109</u>	<u>190,867</u>	<u>40,758</u>
Disbursements				
Current:				
Public Works	212,750	202,750	130,738	72,012
Capital Outlay	5,000	15,000	10,604	4,396
<i>Total Disbursements</i>	<u>217,750</u>	<u>217,750</u>	<u>141,342</u>	<u>76,408</u>
<i>Net Change in Fund Balance</i>	(67,641)	(67,641)	49,525	117,166
<i>Fund Balance Beginning of Year</i>	<u>189,990</u>	<u>189,990</u>	<u>189,990</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 122,349</u>	<u>\$ 122,349</u>	<u>\$ 239,515</u>	<u>\$ 117,166</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire and Emergency Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 590,254	\$ 590,254	\$ 602,387	\$ 12,133
Charges for Services	650,000	679,604	687,491	7,887
Intergovernmental	57,000	57,000	76,578	19,578
Other	20,500	16,749	14,463	(2,286)
<i>Total Receipts</i>	<u>1,317,754</u>	<u>1,343,607</u>	<u>1,380,919</u>	<u>37,312</u>
Disbursements				
Current:				
Public Safety	1,306,276	1,312,173	1,243,653	68,520
Capital Outlay	-	209,000	207,717	1,283
Debt Service:				
Principal Retirement	10,000	10,000	10,000	-
Interest and Fiscal Charges	1,500	4,103	4,102	1
<i>Total Disbursements</i>	<u>1,317,776</u>	<u>1,535,276</u>	<u>1,465,472</u>	<u>69,804</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22)</u>	<u>(191,669)</u>	<u>(84,553)</u>	<u>107,116</u>
Other Financing Sources				
Proceeds from Sale of Assets	-	3,751	3,751	-
Tax Anticipation Notes Issued	-	150,000	150,000	-
<i>Total Other Financing Sources</i>	<u>-</u>	<u>153,751</u>	<u>153,751</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(22)	(37,918)	69,198	107,116
<i>Fund Balance Beginning of Year</i>	<u>258,947</u>	<u>258,947</u>	<u>258,947</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 258,925</u>	<u>\$ 221,029</u>	<u>\$ 328,145</u>	<u>\$ 107,116</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 40,308	\$ 94,000	\$ 98,463	\$ 4,463
Intergovernmental	38,058	10,000	92,965	82,965
Licenses, Permits and Fees	24,972	31,149	61,000	29,851
Interest	19,283	11,622	51,733	40,111
Other	-	-	622	622
<i>Total Receipts</i>	<u>122,621</u>	<u>146,771</u>	<u>304,783</u>	<u>158,012</u>
Disbursements				
Current:				
General Government	135,406	143,906	120,092	23,814
Health	18,000	15,500	15,243	257
Capital Outlay	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Disbursements</i>	<u>154,406</u>	<u>159,406</u>	<u>135,335</u>	<u>24,071</u>
<i>Net Change in Fund Balance</i>	(31,785)	(12,635)	169,448	182,083
<i>Fund Balance Beginning of Year</i>	<u>469,669</u>	<u>469,669</u>	<u>469,669</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 437,884</u>	<u>\$ 457,034</u>	<u>\$ 639,117</u>	<u>\$ 182,083</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 121,821	\$ 120,000	\$ 157,512	\$ 37,512
Intergovernmental	14,477	20,000	18,719	(1,281)
Other	3,808	106	4,924	4,818
<i>Total Receipts</i>	<u>140,106</u>	<u>140,106</u>	<u>181,155</u>	<u>41,049</u>
Disbursements				
Current:				
Public Works	190,509	190,509	90,084	100,425
Capital Outlay	5,000	5,000	3,640	1,360
<i>Total Disbursements</i>	<u>195,509</u>	<u>195,509</u>	<u>93,724</u>	<u>101,785</u>
<i>Net Change in Fund Balance</i>	(55,403)	(55,403)	87,431	142,834
<i>Fund Balance Beginning of Year</i>	<u>102,559</u>	<u>102,559</u>	<u>102,559</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 47,156</u>	<u>\$ 47,156</u>	<u>\$ 189,990</u>	<u>\$ 142,834</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire and Emergency Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 327,390	\$ 449,400	\$ 347,146	\$ (102,254)
Charges for Services	612,881	660,000	649,863	(10,137)
Intergovernmental	43,018	40,405	45,614	5,209
Other	17,516	400	18,573	18,173
<i>Total Receipts</i>	<u>1,000,805</u>	<u>1,150,205</u>	<u>1,061,196</u>	<u>(89,009)</u>
Disbursements				
Current:				
Public Safety	1,094,599	1,094,599	980,619	113,980
Debt Service:				
Principal Retirement	40,000	40,000	40,000	-
Interest and Fiscal Charges	6,603	6,603	6,228	375
<i>Total Disbursements</i>	<u>1,141,202</u>	<u>1,141,202</u>	<u>1,026,847</u>	<u>114,355</u>
<i>Net Change in Fund Balance</i>	(140,397)	9,003	34,349	25,346
<i>Fund Balance Beginning of Year</i>	<u>224,598</u>	<u>224,598</u>	<u>224,598</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 84,201</u>	<u>\$ 233,601</u>	<u>\$ 258,947</u>	<u>\$ 25,346</u>

See accompanying notes to the basic financial statements.

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

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

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

A. Primary Government

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

B. Component Units

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

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (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 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.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds for 2007 and 2006 are the General Fund, Road and Bridge Fund, and the Fire and Emergency Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The Township's only fiduciary fund is an agency fund. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The Township's only agency fund was used to account for contractor's deposits for the upkeep of trees and was refunded to the contractor during fiscal year 2007.

C. Basis of Accounting

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the 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 Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$69,911 and \$8,815 assigned to other Township funds. Interest receipts credited to the General Fund during 2006 was \$51,733 and \$5,151 assigned to other Township funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

J. Long-Term Obligations

The Township’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

K. Net Assets

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

The Township’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. Of the Township’s \$885,956 restricted net assets at December 31, 2007 and \$921,462 restricted net assets at December 31, 2006, none were restricted by enabling legislation.

L. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. There were no fund balance reserves as of December 31, 2007 or 2006.

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 3 – 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 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 two 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, its political subdivisions, or other units or agencies of this State or its political subdivisions;
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);
8. Securities lending agreements in which the Township lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the Township's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the Township's total average portfolio.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Township by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 3 - Deposits and Investments (Continued)

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Township, or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Township's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

As of December 31, 2007 and 2006, the Township's bank balances of \$272,365 and \$340,846, respectively, were either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above.

Investments

At December 31, 2007 and 2006, the Township had the following investments:

	Fair Value December 31, 2007	Fair Value December 31, 2006	Weighted Average Maturity (Yrs.)
STAR Ohio	\$1,506,106	\$1,289,152	0

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

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

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

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. The Township's investments in STAR Ohio are held in the name of the Township.

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$9.8 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

Real Property	2007	2006
Residential/Agriculture	\$84,209,810	\$78,885,050
Commercial/Industrial/Mineral	3,129,930	3,199,570
Public Utility Property		
Personal	2,364,900	2,479,960
Tangible Personal Property	900,471	1,173,007
Total Assessed Value	<u>\$90,605,111</u>	<u>\$85,737,587</u>

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007 and 2006 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

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

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, 2007 and 2006 (the latest information available).

	<u>2007</u>	<u>2006</u>
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	\$ 29,852,866	\$ 29,921,614

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Risk Management (Continued)

At December 31, 2007 and 2006, respectively, liabilities above included approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$62,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

Contributions to OTARMA

2006	\$ 34,751
2007	\$ 30,955

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital 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.

Note 6 – Defined Benefit Pension Plans

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) 222-5601 or (800) 222-7377.

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 – Defined Benefit Pension Plans (Continued)

For the years ended December 31, 2007 and 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent and 9.0 percent of their annual covered salaries, respectively. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent and 9.75 percent, respectively. The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85 percent and 13.7 percent, respectively, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.17 percent and 16.93 percent of covered payroll for 2007 and 2006 respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$13,970, \$13,642, and \$12,792 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Ohio Police and Fire Pension Fund

The Township participates in the Ohio Police and Fire Pension Fund (OP&F), cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters. The Township's contributions to OP&F for the years ending December 31, 2007, 2006, and 2005 were \$116,866, \$106,713 and \$116,337, respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 7 - Post-employment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for post-retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rates were 13.85 percent and 13.7 percent of covered payroll respectively (17.17 percent and 16.93 percent for public safety and law enforcement). The portion of employer contributions allocated to health care was 5.00 percent from January 1, through June 30, 2007, 6.00 percent from July 1 through December 31, 2007 and 4.50 percent from January 1 through December 31, 2006.

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 - Post-employment Benefits (Continued)

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. For fiscal year 2007 health care costs were assumed to increase between 0.50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years. For fiscal year 2006 health care costs were assumed to increase between 0.50 percent and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 and 369,214 for 2007 and 2006 respectively. Actual employer contributions for 2007 and 2006 which were used to fund post-employment benefits were \$5,548 and \$4,481, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22, if attending school full-time or on a 2/3 basis. The healthcare coverage provided by the retirement system is considered and Other-Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that healthcare costs paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll.

The Ohio Revised Code provides statutory authority allowing OP&F's Board of Trustees to offer healthcare coverage to all eligible individuals.

Healthcare funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree healthcare expenses. The Board defined allocation was 6.75 percent of covered payroll in 2007 and 7.75 percent in 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their healthcare coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly healthcare contributions.

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 - Post-employment Benefits (Continued)

The number of participants eligible to receive healthcare benefits as of December 31, 2006, the date of the last actuarial valuation available, are 14,120 for Police and 10,563 for Firefighters. Actual employer contributions for 2007 and 2006 which were used to fund post-employment benefits were \$32,839 and \$34,468, respectively. OP&F's total healthcare expense for the year ending December 31, 2006 was \$120,373,722, which was net of member contributions of \$58,532,848.

Note 8 – Debt

A summary of the note transactions for the years ended December 31, 2006 and 2007 follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2006</u>	<u>Due Within One Year</u>
General Obligation Note	4.15%	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -
General Obligation Note	3.75%	30,000	-	10,000	20,000	10,000
Total		<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 20,000</u>	<u>\$ 10,000</u>

	<u>Interest Rate</u>	<u>Balance 12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2007</u>	<u>Due Within One Year</u>
General Obligation Note	3.75%	\$ 20,000	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
Tax Anticipation Notes	4.47%	-	150,000	-	150,000	37,500
Total		<u>\$ 20,000</u>	<u>\$ 150,000</u>	<u>\$ 10,000</u>	<u>\$ 160,000</u>	<u>\$ 47,500</u>

On January 1, 2003, the Township issued \$100,000 of general obligation notes to finance the purchase of a pick up truck to be used for road maintenance and fire protection. These notes were paid in full during fiscal year 2006.

On October 16, 2004 the Township entered into a note agreement with The Citizens Bank for \$40,000 to finance the purchase of an emergency vehicle. The note will be repaid from the Fire and Emergency Levy Fund.

On May 2, 2007 the Township issued \$150,000 of tax anticipation notes to The Citizens Bank to finance the purchase of an emergency vehicle. The tax anticipation notes will be repaid from the Fire and Emergency Levy Fund.

All note proceeds had been spent at December 31, 2007. The notes are collateralized solely by the Township's taxing authority.

Scioto Township, Pickaway County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 – Debt (Continued)

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

Year	General Obligation Notes			Tax Anticipation Notes		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 10,000	\$ 375	\$ 10,375	\$ 37,500	\$ 3,353	\$ 40,853
2009	-	-	-	37,500	2,514	40,014
2010	-	-	-	37,500	1,676	39,176
2011	-	-	-	37,500	838	38,338
	<u>10,000</u>	<u>375</u>	<u>10,375</u>	<u>150,000</u>	<u>8,381</u>	<u>158,381</u>
Year	Total					
	Principal	Interest	Total			
2008	\$ 47,500	\$ 3,728	\$ 51,228			
2009	37,500	2,514	40,014			
2010	37,500	1,676	39,176			
2011	37,500	838	38,338			
	<u>\$ 160,000</u>	<u>\$ 8,756</u>	<u>\$ 168,756</u>			

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$7,994,460 and an unvoted debt margin of \$90,605.

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Ohio Society of Certified Public Accountants

Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 30, 2008, wherein we noted the Township used a comprehensive basis of accounting other than generally accepted accounting principles. 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 expressing our opinions on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accounting basis described in Note 2 such that there is more than a remote likelihood that the Township's internal controls will not prevent or detect a more than inconsequential financial statement misstatement.

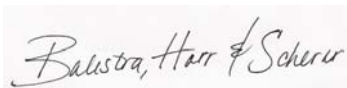
A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 effect 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intended this report solely for the information and use of management and the Trustees. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
June 30, 2008

**SCIOTO TOWNSHIP
PICKAWAY COUNTY
DECEMBER 31, 2007 AND 2006**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	ORC Section 5705.41B Expenditures exceeding appropriations.	Yes	



Mary Taylor, CPA
Auditor of State

SCIOTO TOWNSHIP

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 11, 2008**