



Mary Taylor, CPA
Auditor of State

**SCIOTO TOWNSHIP
PIKE COUNTY**

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SCIOTO TOWNSHIP
PIKE COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pike County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Road and Bridge, and Gasoline Tax Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 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.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 27, 2008

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

This discussion and analysis of Scioto Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 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 enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 and 2006 are as follows:

Net assets of governmental activities decreased \$9,413, or 2.15 percent in 2007. Net assets of governmental activities decreased \$5,414, or 1.22 percent in 2006. Funds remained stable from year to year.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 12.79 percent and 25.81 percent, respectively, of the total cash received for governmental activities during 2007 and 8.48 percent and 25.50 percent, respectively, of the total cash received for governmental activities during 2006. Property tax receipts for 2007 and 2006 changed little as development within the Township has slowed.

Using the Basic Financial Statements

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

Report Components

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

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

The notes to the 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.

Basis of Accounting

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

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

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

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

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

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

Reporting the Township's Most Significant Funds

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

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

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

The Township as a Whole

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

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivaler	\$ 429,045	\$ 438,458	\$ 443,872
Total Assets	\$ 429,045	\$ 438,458	\$ 443,872
Net Assets			
Restricted for:			
Other Purposes	179,256	173,318	165,326
Unrestricted	249,789	265,140	278,546
Total Net Assets	\$ 429,045	\$ 438,458	\$ 443,872

As mentioned previously, net assets of governmental activities decreased \$9,413, or 2.15 percent during 2007 and decreased \$5,414, or 1.22 percent during 2006.

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

Table 2 reflects the changes in net assets in 2007 and 2006. Listed below is a comparative analysis of government-wide data.

(Table 2)
Change in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 4,875	\$ 5,250	\$ 3,150
Operating Grants and Contributions	117,023	143,562	76,968
Total Program Receipts	<u>121,898</u>	<u>148,812</u>	<u>80,118</u>
General Receipts:			
Property and Other local Taxes	35,812	38,404	59,808
Revenue in Lieu of Taxes	20,000	25,000	
Grants and Entitlements Not Restricted to Specific Programs	72,277	115,520	28,798
Interest	16,339	13,010	7,296
Proceeds of Lease		111,202	
Miscellaneous	13,689	1,108	30,067
Total General Receipts	<u>158,117</u>	<u>304,244</u>	<u>125,969</u>
Total Receipts	<u>280,015</u>	<u>453,056</u>	<u>206,087</u>
Disbursements:			
General Government	109,253	129,239	108,591
Public Safety	12,933	34,587	20,823
Public Works	124,200	155,113	101,993
Health	2,200	3,329	7,365
Capital Outlay		136,202	
Debt Service			
Principal Retirement	35,271		
Interest and Fiscal Charges	5,571		
Total Disbursements	<u>289,428</u>	<u>458,470</u>	<u>238,772</u>
Increase (Decrease) in Net Assets	(9,413)	(5,414)	(32,685)
Net Assets, January 1	438,458	443,872	476,557
Net Assets, December 31	<u>\$ 429,045</u>	<u>\$ 438,458</u>	<u>\$ 443,872</u>

Program receipts represent only 43.53 percent of total receipts in 2007 and 32.85 percent of total receipts in 2006 and are primarily comprised of restricted intergovernmental receipts.

General receipts represent 56.47 percent of the Township's total receipts for 2007 and 67.15 percent of the Township's total receipts for 2006, and of this amount, 22.65 percent are property and other local taxes in 2007 and 12.62 percent are property and other local taxes in 2006. Revenue in lieu of taxes, grants and entitlements not restricted to specific programs, interest, proceeds of lease and miscellaneous receipts make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities.

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

Governmental Activities

If you look at the Statements of Activities on pages 10 and 18, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, public works, capital outlay, and debt service, which account for 94.77 and 91.73 percent of all government disbursements, for 2007 and 2006 respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost	Net Cost	Total Cost	Net Cost
	Of Services	of Services	Of Services	of Services
	2007	2007	2006	2006
General Government	\$109,253	\$109,253	\$129,239	\$129,239
Public Safety	12,933	12,933	34,587	34,587
Public Works	124,200	7,177	155,113	11,551
Health	2,200	(2,675)	3,329	(1,921)
Capital Outlay			136,202	136,202
Principal Retirement	35,271	35,271		
Interest and Fiscal Charges	5,571	5,571		
Total Expenses	\$289,428	\$167,530	\$458,470	\$309,658

The Township's Funds

Total governmental funds had receipts of \$280,015 and disbursements of \$289,428 in 2007 and had receipts of \$453,056 and disbursements of \$458,470 in 2006. In 2007 and 2006, there were no great changes within governmental funds.

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. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Township did not amend its General Fund budget.

In 2007, final disbursements were budgeted at \$369,000 while actual disbursements were \$163,028. Although receipts exceeded expectations, appropriations were not increased.

In 2006, final disbursements were budgeted at \$345,000 while actual disbursements were \$306,206. Although receipts exceeded expectations, appropriations were not increased.

Debt

At December 31, 2007, the Township had a lease-purchase agreement to purchase a fire truck. The lease-purchase agreement will be paid off in 2009.

Current Financial Related Activities

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. However, we will continue to receive a tax abatement receipt for the next few years from the United States Enrichment Corporation.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jaime Steffy, Fiscal Officer, Scioto Township, 1851 Bailey Chapel Road, Beaver, Ohio 45613.

SCIOTO TOWNSHIP
PIKE COUNTY
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 429,045</u>
<i>Total Assets</i>	<u><u>\$ 429,045</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 179,256
Unrestricted	<u>249,789</u>
<i>Total Net Assets</i>	<u><u>\$ 429,045</u></u>

See accompanying notes to the basic financial statements.

SCIOTO TOWNSHIP
PIKE 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 and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 109,253	\$	\$	\$ (109,253)
Public Safety	12,933			(12,933)
Public Works	124,200		117,023	(7,177)
Health	2,200	4,875		2,675
Debt Service:				
Principal	35,271			(35,271)
Interest	5,571			(5,571)
<i>Total Governmental Activities</i>	<u>\$ 289,428</u>	<u>\$ 4,875</u>	<u>\$ 117,023</u>	<u>(167,530)</u>
		General Receipts		
		Property Taxes		35,812
		Revenue in Lieu of Taxes		20,000
		Grants and Entitlements not Restricted to Specific Programs		72,277
		Earning on Investments		16,339
		Miscellaneous		13,689
		<i>Total General Receipts</i>		158,117
		Change in Net Assets		(9,413)
		<i>Net Assets Beginning of Year</i>		<u>438,458</u>
		<i>Net Assets End of Year</i>		<u>\$ 429,045</u>

See accompanying notes to the basic financial statements.

**SCIOTO TOWNSHIP
PIKE COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 249,789	\$ 69,648	\$ 96,385	\$ 13,223	\$ 429,045
<i>Total Assets</i>	<u>\$ 249,789</u>	<u>\$ 69,648</u>	<u>\$ 96,385</u>	<u>\$ 13,223</u>	<u>\$ 429,045</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 249,789	\$	\$	\$	\$ 249,789
Special Revenue Funds		69,648	96,385	13,223	179,256
<i>Total Fund Balances</i>	<u>\$ 249,789</u>	<u>\$ 69,648</u>	<u>\$ 96,385</u>	<u>\$ 13,223</u>	<u>\$ 429,045</u>

See accompanying notes to the basic financial statements

**SCIOTO TOWNSHIP
PIKE COUNTY**

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

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 26,269	\$	\$ 9,543	\$	\$ 35,812
Revenue in Lieu of Taxes	20,000				20,000
Charges for Services				4,875	4,875
Intergovernmental	72,277	93,639	19,641	3,743	189,300
Earnings on Investments	15,625	714			16,339
Miscellaneous	13,506		173	10	13,689
<i>Total Receipts</i>	<u>147,677</u>	<u>94,353</u>	<u>29,357</u>	<u>8,628</u>	<u>280,015</u>
Disbursements					
Current:					
General Government	109,253				109,253
Public Safety	12,933				12,933
Public Works		88,882	33,295	2,023	124,200
Health				2,200	2,200
Debt Service:					
Redemption of Principal	35,271				35,271
Interest and Fiscal Charges	5,571				5,571
<i>Total Disbursements</i>	<u>163,028</u>	<u>88,882</u>	<u>33,295</u>	<u>4,223</u>	<u>289,428</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(15,351)	5,471	(3,938)	4,405	(9,413)
<i>Fund Balances Beginning of Year</i>	<u>265,140</u>	<u>64,177</u>	<u>100,323</u>	<u>8,818</u>	<u>438,458</u>
<i>Fund Balances End of Year</i>	<u>\$ 249,789</u>	<u>\$ 69,648</u>	<u>\$ 96,385</u>	<u>\$ 13,223</u>	<u>\$ 429,045</u>

See accompanying notes to the basic financial statements

SCIOTO TOWNSHIP
PIKE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - 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	\$ 22,500	\$ 22,500	\$ 26,269	\$ 3,769
Revenue in Lieu of Taxes	20,216	20,216	20,000	(216)
Intergovernmental	73,057	73,057	72,277	(780)
Earnings on Investment	15,793	15,793	15,625	(168)
Miscellaneous	13,653	13,653	13,506	(147)
<i>Total receipts</i>	<u>145,219</u>	<u>145,219</u>	<u>147,677</u>	<u>2,458</u>
Disbursements				
Current:				
General Government	217,000	217,000	109,253	107,747
Public Safety	100,000	100,000	12,933	87,067
Public Works	52,000	52,000	0	52,000
Debt Service:				
Redemption of Principal	0	0	35,271	(35,271)
Interest and Fiscal Charges	0	0	5,571	(5,571)
<i>Total Disbursements</i>	<u>369,000</u>	<u>369,000</u>	<u>163,028</u>	<u>205,972</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(223,781)	(223,781)	(15,351)	208,430
<i>Fund Balance Beginning of Year</i>	<u>265,140</u>	<u>265,140</u>	<u>265,140</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 41,359</u>	<u>\$ 41,359</u>	<u>\$ 249,789</u>	<u>\$ 208,430</u>

See accompanying notes to the basic financial statements.

SCIOTO TOWNSHIP
PIKE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 93,639	\$ 13,639
Earnings on Investment	500	500	714	214
<i>Total receipts</i>	<u>80,500</u>	<u>80,500</u>	<u>94,353</u>	<u>13,853</u>
Disbursements				
Current:				
Public Works	<u>130,000</u>	<u>130,000</u>	<u>88,882</u>	<u>41,118</u>
<i>Total Disbursements</i>	<u>130,000</u>	<u>130,000</u>	<u>88,882</u>	<u>41,118</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(49,500)	(49,500)	5,471	54,971
<i>Fund Balance Beginning of Year</i>	<u>64,177</u>	<u>64,177</u>	<u>64,177</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 14,677</u></u>	<u><u>\$ 14,677</u></u>	<u><u>\$ 69,648</u></u>	<u><u>\$ 54,971</u></u>

See accompanying notes to the basic financial statements.

**SCIOTO TOWNSHIP
PIKE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge 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	\$ 5,850	\$ 5,850	\$ 9,543	\$ 3,693
Intergovernmental	15,000	15,000	19,641	4,641
Miscellaneous	500	500	173	(327)
<i>Total receipts</i>	<u>21,350</u>	<u>21,350</u>	<u>29,357</u>	<u>8,007</u>
Disbursements				
Current:				
Public Works	<u>107,000</u>	<u>107,000</u>	<u>33,295</u>	<u>73,705</u>
<i>Total Disbursements</i>	<u>107,000</u>	<u>107,000</u>	<u>33,295</u>	<u>73,705</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(85,650)	(85,650)	(3,938)	81,712
<i>Fund Balance Beginning of Year</i>	<u>100,323</u>	<u>100,323</u>	<u>100,323</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 14,673</u>	<u>\$ 14,673</u>	<u>\$ 96,385</u>	<u>\$ 81,712</u>

See accompanying notes to the basic financial statements.

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SCIOTO TOWNSHIP
PIKE COUNTY
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 438,458</u>
<i>Total Assets</i>	<u><u>\$ 438,458</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 173,318
Unrestricted	<u>265,140</u>
<i>Total Net Assets</i>	<u><u>\$ 438,458</u></u>

See accompanying notes to the basic financial statements.

SCIOTO TOWNSHIP
PIKE COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 129,239	\$	\$	\$ (129,239)
Public Safety	34,587			(34,587)
Public Works	155,113		143,562	(11,551)
Health	3,329	5,250		1,921
Capital Outlay	136,202			(136,202)
<i>Total Governmental Activities</i>	<u>\$ 458,470</u>	<u>\$ 5,250</u>	<u>\$ 143,562</u>	<u>(309,658)</u>
		General Receipts		
		Property Taxes		38,404
		Revenue in Lieu of Taxes		25,000
		Grants and Entitlements not Restricted to Specific Programs		115,520
		Earning on Investments		13,010
		Miscellaneous		1,108
		Proceeds of Leases		111,202
		<i>Total General Receipts</i>		304,244
		Change in Net Assets		(5,414)
		<i>Net Assets Beginning of Year</i>		443,872
		<i>Net Assets End of Year</i>		<u>\$ 438,458</u>

See accompanying notes to the basic financial statements.

SCIOTO TOWNSHIP
PIKE COUNTY
Balance Sheet - Cash Basis
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 265,140	\$ 64,177	\$ 100,323	\$ 8,818	\$ 438,458
<i>Total Assets</i>	<u>\$ 265,140</u>	<u>\$ 64,177</u>	<u>\$ 100,323</u>	<u>\$ 8,818</u>	<u>\$ 438,458</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 265,140	\$	\$	\$	\$ 265,140
Special Revenue Funds		64,177	100,323	8,818	173,318
<i>Total Fund Balances</i>	<u>\$ 265,140</u>	<u>\$ 64,177</u>	<u>\$ 100,323</u>	<u>\$ 8,818</u>	<u>\$ 438,458</u>

See accompanying notes to the basic financial statements

**SCIOTO TOWNSHIP
PIKE COUNTY**

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

	General	Gasoline Tax	Road and Bridge	Ohio Public Works Commission	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 28,163	\$	\$ 10,241	\$	\$	\$ 38,404
Charges for Services					5,250	5,250
Intergovernmental	115,520	85,545	12,626	41,589	3,801	259,081
Earnings on Investments	11,951	1,060				13,011
Revenue in Lieu of Taxes	25,000					25,000
Miscellaneous	964		144			1,108
<i>Total Receipts</i>	<u>181,598</u>	<u>86,605</u>	<u>23,011</u>	<u>41,589</u>	<u>9,051</u>	<u>341,854</u>
Disbursements						
Current:						
General Government	129,239					129,239
Public Safety	34,587					34,587
Public Works	6,178	84,897	21,099	41,589	1,350	155,113
Health					3,329	3,329
Capital Outlay	136,202					136,202
<i>Total Disbursements</i>	<u>306,206</u>	<u>84,897</u>	<u>21,099</u>	<u>41,589</u>	<u>4,679</u>	<u>458,470</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(124,608)</u>	<u>1,708</u>	<u>1,912</u>	<u>0</u>	<u>4,372</u>	<u>(116,616)</u>
Other Financing Sources (Uses)						
Proceeds of Leases	111,202					111,202
<i>Total Other Financing Sources (Uses)</i>	<u>111,202</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>111,202</u>
<i>Net Change in Fund Balances</i>	<u>(13,406)</u>	<u>1,708</u>	<u>1,912</u>	<u>0</u>	<u>4,372</u>	<u>(5,414)</u>
<i>Fund Balances Beginning of Year</i>	<u>278,546</u>	<u>62,469</u>	<u>98,411</u>	<u>0</u>	<u>4,446</u>	<u>443,872</u>
<i>Fund Balances End of Year</i>	<u>\$ 265,140</u>	<u>\$ 64,177</u>	<u>\$ 100,323</u>	<u>\$ 0</u>	<u>\$ 8,818</u>	<u>\$ 438,458</u>

See accompanying notes to the basic financial statements

**SCIOTO TOWNSHIP
PIKE COUNTY**

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

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 32,500	\$ 32,500	\$ 28,163	\$ (4,337)
Intergovernmental	18,019	18,019	115,520	97,501
Earnings on Investments	9,000	9,000	11,951	2,951
Revenue in Lieu of Taxes	0	0	25,000	25,000
Miscellaneous	2,000	2,000	964	(1,036)
<i>Total receipts</i>	<u>61,519</u>	<u>61,519</u>	<u>181,598</u>	<u>120,079</u>
Disbursements				
Current:				
General Government	180,000	180,000	129,239	50,761
Public Safety	95,000	95,000	34,587	60,413
Public Works	70,000	70,000	6,178	63,822
Capital Outlay	0	0	136,202	(136,202)
<i>Total Disbursements</i>	<u>345,000</u>	<u>345,000</u>	<u>306,206</u>	<u>38,794</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(283,481)</u>	<u>(283,481)</u>	<u>(124,608)</u>	<u>158,873</u>
Other Financing Sources (Uses)				
Proceeds from Leases	0	0	111,202	111,202
Other Financing Sources	40,000	40,000	0	(40,000)
Other Financing Uses	(2,000)	(2,000)	0	2,000
<i>Total Other Financing Sources (Uses)</i>	<u>38,000</u>	<u>38,000</u>	<u>111,202</u>	<u>73,202</u>
<i>Net Change in Fund Balance</i>	<u>(245,481)</u>	<u>(245,481)</u>	<u>(13,406)</u>	<u>232,075</u>
<i>Fund Balance Beginning of Year</i>	<u>278,546</u>	<u>278,546</u>	<u>278,546</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 33,065</u>	<u>\$ 33,065</u>	<u>\$ 265,140</u>	<u>\$ 232,075</u>

See accompanying notes to the basic financial statements.

**SCIOTO TOWNSHIP
PIKE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 66,000	\$ 66,000	\$ 85,545	\$ 19,545
Earnings on Investments	500	0	1,060	1,060
Miscellaneous	500	0	0	0
<i>Total receipts</i>	<u>67,000</u>	<u>66,000</u>	<u>86,605</u>	<u>20,605</u>
Disbursements				
Current:				
Public Works	<u>118,000</u>	<u>118,000</u>	<u>84,897</u>	<u>33,103</u>
<i>Total Disbursements</i>	<u>118,000</u>	<u>118,000</u>	<u>84,897</u>	<u>33,103</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(51,000)</u>	<u>(52,000)</u>	<u>1,708</u>	<u>53,708</u>
<i>Fund Balance Beginning of Year</i>	62,469	62,469	62,469	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 11,469</u>	<u>\$ 10,469</u>	<u>\$ 64,177</u>	<u>\$ 53,708</u>

See accompanying notes to the basic financial statements

**SCIOTO TOWNSHIP
PIKE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - 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	\$ 13,300	\$ 13,300	\$ 10,241	\$ (3,059)
Intergovernmental			12,626	12,626
Miscellaneous	1,000	1,000	144	(856)
<i>Total receipts</i>	<u>14,300</u>	<u>14,300</u>	<u>23,011</u>	<u>8,711</u>
Disbursements				
Current:				
Public Works	98,000	98,000	21,099	76,901
<i>Total Disbursements</i>	<u>98,000</u>	<u>98,000</u>	<u>21,099</u>	<u>76,901</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(83,700)</u>	<u>(83,700)</u>	<u>1,912</u>	<u>85,612</u>
<i>Fund Balance Beginning of Year</i>	98,411	98,411	98,411	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 14,711</u>	<u>\$ 14,711</u>	<u>\$ 100,323</u>	<u>\$ 85,612</u>

See accompanying notes to the basic financial statements.

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Note 1 – Reporting Entity

Scioto Township, Pike County, Ohio (the Township), is a body politic and corporate established in 1880 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Fiscal Officer.

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

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. 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 has 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 a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements

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

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental funds.

Governmental Funds

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

General Fund – This fund 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.

Gasoline Fund – This fund receives gasoline tax money for constructing, maintaining and repairing township roads and bridges.

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

Ohio Public Works Commission – This fund received grant money for a joint paving project with Seal and Union Townships.

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

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue 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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

E. Cash and Investments

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

During 2007 and 2006, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State. Interest receipts credited to the General Fund during 2007 and 2006 was \$15,625 and \$11,951, respectively. Interest receipts credited to the Gasoline Fund during 2007 and 2006 was \$714 and \$1,060, respectively.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

I. Long-Term Obligations

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

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants whose purpose is restricted. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Compliance

Contrary to Ohio Revised Code Section 5705.41(D), the Township did not encumber all commitments required. Also, contrary to Ohio law, expenditures exceeded appropriations at December 31, 2006 in the Ohio Public Works Commission Fund by \$41,589 and in the General Fund – Capital Outlay function by \$136,202 and at December 31, 2007 in the General Fund – Redemption of Principal and Interest and Fiscal Charges functions by \$35,271 and \$5,571, respectively.

Note 4 – Budgetary Basis of Accounting

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

Note 5 – 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.

Note 5 - Deposits and Investments (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above 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 (STAROhio).

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$337,236 of the Township's bank balance of \$437,236 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At December 31, 2006, \$346,405 of the Township's bank balance of \$446,405 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

Note 5 - Deposits and Investments (continued)

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

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2007 and 2006, was \$1.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	2007	2006
Real Property	\$ 10,866,420	\$ 10,697,560
Public Utility Property	7,952,540	7,500,770
Tangible Personal Property	2,827,990	5,990,580
Total Assessed Values	\$ 21,646,950	\$ 24,188,910

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 7 – 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, 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. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP'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

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, 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 values. 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 government.

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

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:

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

Note 7 – Risk Management (continued)

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

At December 31, 2007 and 2006, respectively, liabilities above include 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 \$14,000. 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.

<u>Contributions to OTARMA</u>	
2005	\$8,404
2006	\$8,494
2007	\$7,462

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 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

Note 8 – Defined Benefit Pension Plan (continued)

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, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the years ended December 31, 2006 and 2007, the members of all three plans were required to contribute 9 percent and 9.5 percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 percent and 2007 was 13.85 percent. 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 \$11,135, \$11,425 and \$9,688 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2007 local government employer contribution rates were 13.70 and 13.85 percent, respectively, of covered payroll; 4.0 percent in 2006 and 4.50 percent in 2007 of covered payroll was the portion that was used to fund health care.

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 .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after that.

All investments are carried at market value. 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. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 362,130. 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.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution dates 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.

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

Note 10 – Debt

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Lease Purchase Agreement	\$75,931	5%
Total	\$75,931	

The Township entered into an lease-purchase agreement to finance the purchase of a fire truck for Township emergency purposes. The Township's taxing authority collateralized the fire truck.

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

Year ending December 31:	Lease- Purchase Agreement
2008	\$40,842
2009	40,842
Total	\$81,684



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scioto Township, Pike County, 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 27, 2008, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

Scioto Township
Pike County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-002 through 2007-004.

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 the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-002 through 2007-004 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated June 27, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 and 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 27, 2008.

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



Mary Taylor, CPA
Auditor of State

June 27, 2008

SCIOTO TOWNSHIP
PIKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Rev. Code Section 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.

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 Sections 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.

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

The Fiscal Officer did not certify the availability of funds prior to making commitments for 38% of the disbursements tested for 2007 and 29% of the disbursements tested in 2006. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**SCIOTO TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2007-001 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of Ohio Rev. Code Section 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 2007-002

Noncompliance Citation – Material Weakness

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

Further, when issuing debt, the Township should obtain an amended certificate of estimated resources for the proceeds of debt and approve an amendment to the appropriations for the amount of the related capital outlay expenditure. Additionally, the proceeds of debt and related capital outlay expenditure should be posted to the audited financial statements, even when payment is made directly from the lender to the vendor.

The Township did not post the proceeds of debt and the related capital outlay expenditure in the amount of \$111,202 when issuing debt and did not amend the estimated resources or appropriations accordingly. The audited financial statements, as adjusted to record the debt proceeds and related expenditure in the General Fund, result in the expenditures exceeding appropriations at December 31, 2006 as follows:

	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund - Capital Outlay	\$ 0	\$ 136,202	\$ (136,202)

Further, the Township did not post the debt service payments as principal and interest. The audited financial statements, as adjusted to record the principal and interest payments correctly, result in expenditures exceeding appropriations at December 31, 2007 as follows:

	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund - Redemption of Principal	\$ 0	\$ 35,271	\$ (35,271)
General Fund - Interest and Fiscal Charges	0	5,571	(5,571)

**SCIOTO TOWNSHIP
PIKE COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation – Material Weakness - Ohio Rev. Code Section 5705.41(B) (Continued)

The Township did not record expenditures paid to the vendor directly by the Ohio Public Works Commission on the Township's ledgers. The audited financial statements, as adjusted to record this expenditure, result in expenditures exceeding appropriations at December 31, 2006 as follows:

	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
OPWC - Public Works	\$ 0	\$ 41,589	\$ (41,589)

We recommend the Board of Trustees obtain an amended certificate of estimated resources when notes are issued or grants received, and correspondingly increase the appropriation resolution to allow for the related expenditures.

FINDING NUMBER 2007-003

Material Weakness

Auditor of State Bulletin 2002-004 states all local governments participating in Issue 2 Funds must, for each project awarded, establish a capital projects fund to account for both the Issue 2 monies and local matching funds. When participating in an Ohio Public Works Commission (OPWC) Issue 2 project, the OPWC pays the vendor directly for services performed. Further, the Bulletin states the local government shall include in its official or amended certificate of estimated resources the amount of Issue 2 monies anticipated to be received into the project fund during the fiscal year and the fund appropriations should include the amount necessary to meet the obligations to be incurred during the fiscal year.

The Township participated in an Issue 2 project in 2006 but did not establish the required capital projects fund. Additionally, the Township did not certify the estimated receipts or appropriate the amount necessary to meet the obligations for the Issue 2 project. Finally, the Township did not record the grant proceeds of \$41,589 or related expenditures of \$41,589. The audited financial statements have been adjusted to record the actual grant proceeds and related expenditures, resulted in an additional major fund for 2006 and expenditures exceeding appropriations in the OPWC fund, as noted in Finding Number 2007-002.

We recommend the Board of Trustees establish all required funds. Additionally, all activity, even transactions paid directly to the vendor from grantors or lenders, should be budgeted for with actual activity posted to the Township's financial records.

FINDING NUMBER 2007-004

Material Weakness

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

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

**SCIOTO TOWNSHIP
PIKE COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2007-004 (Continued)

Material Weakness (Continued)

- * In 2006, an Ohio Public Works Commission (OPWC) Grant in the amount of \$41,589 was received for a joint project with Seal and Union Townships wherein OPWC paid the vendor directly for work performed. The Township did not establish the required fund and the intergovernmental revenue and public works disbursement was not recorded.
- * In 2006, estate tax receipts of \$60,631 were posted as Other Financing Sources rather than Intergovernmental Receipts in the General Fund.
- * In 2006, proceeds of a lease purchase in the amount of \$111,202 and the corresponding Capital Outlay for the fire truck purchase were not recorded. Additionally, the down payment of \$25,000 on the fire truck was posted as Public Safety rather than Capital Outlay.
- * In 2007, the Principal and Interest expense for the lease payment for the Fire Truck were posted as Public Safety in the General Fund.
- * In 2006 and 2007, homestead and rollback and personal property tax replacement revenue monies were posted as Taxes and Other Revenue in the General Fund and Road and Bridge Fund instead of as Intergovernmental Receipts.
- * In 2006 and 2007, Revenue in Lieu of Taxes in the amount of \$25,000 and \$20,000, respectively, were posted as Other Revenue in the General Fund.
- * In 2006 and 2007, Cemetery Fund charges for opening and closing graves were posted as Other Revenue rather than Charges for Services.
- * In 2006 and 2007, Certificates of Deposit were recorded as investments on the Statement of Net Assets and Balance Sheet rather than as Cash.

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

Officials' Response: We did not receive a response from Officials to the Findings reported above.

**SCIOTO TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2005-001	Ohio Rev. Code Section 5705.41(D) – not properly encumbering.	No	Not corrected – reissued as Finding 2007-001



Mary Taylor, CPA
Auditor of State

SCIOTO TOWNSHIP

PIKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 14, 2008**