

SCIOTO TOWNSHIP  
JACKSON COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020



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Board of Trustees  
Scioto Township  
40 Van Fossan Road  
Beaver, Ohio 45613

We have reviewed the *Independent Auditor's Report* of Scioto Township, Jackson County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2020 through December 31, 2021. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

#### **Finding for Recovery**

**Ohio Rev. Code § 117.24** requires the Auditor of State to determine whether “public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . . .” Those determinations in an audit report constitute “findings for recovery.” Ohio Rev. Code § 9.24(H)(3).

**Ohio Rev. Code § 5747.07** requires an employing government to remit taxes which it withheld pursuant to Ohio Rev. Code § 5705.06 (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year.

Between 2020 and 2021, the former Fiscal Officer, Lissa Warrens, withheld state payroll taxes; however, these amounts and required reports were not remitted to the Ohio Department of Taxation timely. Failure to file, pay, and/or report the withholdings resulted in penalties and interest of \$678.41 paid by the Township in 2020.

**Ohio Rev. Code § 145.47** requires each employer to report and pay amounts withheld from all employees for contributions to the Ohio Public Employees Retirement System (OPERS) within thirty days of the end of the reporting period in which amounts were withheld.

Between 2020 and 2021, the former Fiscal Officer, Lissa Warrens, withheld employee pension contributions; however, neither the employer nor employee portions were remitted to the Ohio Public Employees Retirement System timely. Failure to file, pay, and/or report the withholdings resulted in late fees and penalties of \$274.94 in 2020 and \$185.61 in 2021 paid by the Township.

There was a \$200.00 late fee paid in July 2020 on the Township's final debt payment.

Board of Trustees  
Scioto Township  
40 Van Fossan Road  
Beaver, Ohio 45613

### **Finding for Recovery (continued)**

The failure to pay State of Ohio payroll tax withholdings and OPERS pension withholding payments timely is considered gross negligence. Late payment fees and related finance charges incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. These charges would have been avoided had the funds been remitted by the required due dates.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lissa Warrens, former Scioto Township Fiscal Officer, and her bonding company, Travelers Casualty and Surety Company of America, in the amount of \$1,338.96, and in favor of the Township's General Fund for \$1,203.21, the Gasoline Tax Fund for \$108.37, the Motor Vehicle License Tax Fund for \$13.53, the Road and Bridge Fund for \$8.98 and the Cemetery Fund for \$4.87.

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.

KEITH FABER  
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

**June 25, 2025**

**Scioto Township**  
**Jackson County**  
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*For the Years Ended December 31, 2021 and 2020*

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**Independent Auditor's Report**

Board of Trustees  
Scioto Township  
Jackson County  
40 Van Fossan Road  
Beaver, Ohio 45613

***Report on the Audit of the Financial Statements***

***Adverse and Qualified Opinions***

We have audited the financial statements of Scioto Township, Jackson County, Ohio (the Township) which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matters discussed in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes of Scioto Township, Jackson County, Ohio in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in note 2.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

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

As described in note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Basis for Additional Opinion Qualification***

The Township declined to post adjustments identified in the audit of the financial statements for the year ended December 31, 2019 due to the impact these adjustments would have on the General Fund.

Had the postings errors in the preceding paragraph been properly posted to the financial statements and the accounting system, the General Fund cash fund balance would have decreased \$87,268 and the Motor Vehicle License Tax Fund, Gasoline Tax Fund, Cemetery Fund, Road and Bridge Fund, and the Permissive Sales Tax Capital Projects Fund cash fund balances would have increased \$1,864, \$51,577, \$3,700, \$18,151; and \$11,976, respectively.

In addition, miscellaneous receipts are reported as \$7,734 and \$13,420, for the years ended December 31, 2021 and 2020, respectively, which are 9 percent of General Fund receipts for the year ended December 31, 2021 and 15 percent of General Fund receipts for the year ended December 31, 2020. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as miscellaneous receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Emphasis of Matters***

As discussed in note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

As discussed in note 11 to the financial statements, the Township has suffered recurring losses and has unposted audit adjustments that will have a significant negative impact the General Fund. Note 11 describes management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

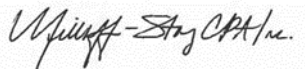
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.  
Wheelersburg, Ohio

March 13, 2025

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**Scioto Township**  
**Jackson County**  
*Combined Statement of Receipts, Disbursements and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2021*

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$53,622	\$173,646	\$0	\$227,268
Intergovernmental	27,793	266,373	180,817	474,983
Earnings on Investments	56	0	0	56
Miscellaneous	7,734	0	0	7,734
<i>Total Cash Receipts</i>	89,205	440,019	180,817	710,041
<b>Cash Disbursements:</b>				
<i>Current:</i>				
General Government	61,626	0	0	61,626
Public Safety	0	105,518	0	105,518
Public Works	0	118,179	103,813	221,992
Health	0	38,761	0	38,761
Capital Outlay	0	0	9,400	9,400
<i>Total Cash Disbursements</i>	61,626	262,458	113,213	437,297
<i>Net Change in Fund Cash Balances</i>	27,579	177,561	67,604	272,744
<i>Fund (Deficit) Cash Balances, January 1</i>	(25,530)	83,518	46,853	104,841
<i>Fund Cash Balances, December 31</i>	\$2,049	\$261,079	\$114,457	\$377,585

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

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

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

***Public Entity Risk Pool***

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

*Fire Levy Fund* – The Fire Fund accounts for and reports the portion of fire levy taxes restricted for Fire Department use only.

*Capital Project Funds* These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

*Permissive Sales Tax Fund* – This fund receives sales tax proceeds which are used to pay for improvement projects, such as roads, culverts, stone, etc. within the Township.

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Basis of Accounting***

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

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

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

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

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

*Encumbrances* The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and reappropriated in the subsequent year. The Township did not use the encumbrance method of accounting.

A summary of 2021 budgetary activity appears in note 4.

***Deposits***

All cash assets of the Township are maintained in interest-bearing checking accounts.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

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

*Assigned* – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in note 13.

**Note 3 - Compliance**

The Township did not maintain supporting documentation for a number of transactions for the year, which is contrary to Ohio Revised Code Section 149.351(A). The Township did not maintain sufficient accounting records for the year, which is contrary to Ohio Administrative Code Sections 117-2-02(D) and (E). The Township failed to file Tax Forms 941 and remit required federal and state employee withholdings and federal employer contributions for the year, which is contrary to Section 278, Public Law 97-248, H. R. 4961, Internal Revenue Code Chapter 26, Sections 3402(a)(1) and 3403, and Ohio Revised Code Section 5747.06. The Township did not timely file its appropriations measures for the year, which is contrary to Ohio Revised Code Section 5705.38(A). The Township did not properly encumbrance funds during the year, which is contrary to Ohio Revised Code Section 5705.41(D). The Township had negative fund balances throughout the year, which is contrary to Ohio Revised Code Section 5705.10. The Township did not timely file, nor did it file the required elements of, its annual financial report, which is contrary to Ohio Revised Code Section 117.38. The Township did not properly maintain minutes for certain meetings held during and subsequent to year-end, which is contrary to Ohio Revised Code Sections 733.27(A) and 121.22(C). The Township's general presentation of minutes lacked sufficient detail to determine what actions were taken and discussions that were held, which is contrary to Ohio Revised Code Section 121.22(H). The Township had appropriations in excess of estimated resources in the General Fund, Motor Vehicle License Tax Fund, and Gasoline Tax Fund, which is contrary to Ohio Revised Code Section 5705.39.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 was as follows:

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,147	\$89,205	\$13,058
Special Revenue	323,007	440,019	117,012
Capital Projects	146,546	180,817	34,271
Total	<u>\$545,700</u>	<u>\$710,041</u>	<u>\$164,341</u>

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$91,200	\$61,626	\$29,574
Special Revenue	404,800	262,458	142,342
Capital Projects	187,000	113,213	73,787
Total	<u>\$683,000</u>	<u>\$437,297</u>	<u>\$245,703</u>

**Note 5 - Deposits**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2021 was as follows:

Demand deposits      \$377,585

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 - Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in Traditional Pension Plan and Combined Plan was 0 percent during the calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 9 - Risk Management**

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

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

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31, 2021:

Cash and investments	\$34,880,599
Actuarial liabilities	10,601,444

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Township received \$98,728 in funding in 2021. The Township did not sub-grant funds to other governments and organization, nor were funds returned to the granting agency or spent on-behalf of other governments.

**Note 11 – Going Concern**

At December 31, 2021, the Township's general fund had a fund cash balance of \$2,049. The Township has unposted findings for adjustment from prior years totaling \$87,268 against the general fund in favor of restricted funds. If the Township posted the findings for adjustment, the general fund would have a deficit fund cash balance of \$85,219.



**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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The Township also had outstanding balances for federal and state payroll tax withholdings and employer payroll taxes in the amounts of \$19,143 and \$2,284, respectively, at December 31, 2021, which includes \$10,971 and \$933, respectively, from years prior to 2021.

The Township officials are taking steps to adopt budgets to ameliorate the low balance and stabilize the general fund.

**Note 12 – Contingent Liabilities**

***Grants***

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

***Litigation***

The Township is not currently party to legal proceedings.

**Note 13 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is restricted.

**Note 14 - Debt**

Debt outstanding at December 31, 2021 was as follow:

	<u>Principal</u>	<u>Interest Rate</u>
Backhoe Lease	\$100,025	2.53%

During 2021, the Township entered into a lease agreement with John Deere Financial to finance the purchase of a backhoe. The backhoe collateralized the lease. The lease carries a term of 72 months with a maturity date of December 16, 2027. The lease agreement also carries a purchase option at the end of the lease term of \$1.

***Amortization***

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

<u>Year Ending December 31:</u>	<u>Backhoe Lease</u>
2022	\$18,177
2023	18,177
2024	18,177
2025	18,177
2026	18,177
Thereafter	18,177
Total	<u>\$109,062</u>

**Scioto Township**  
**Jackson County**  
*Combined Statement of Receipts, Disbursements and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$50,727	\$170,080	\$0	\$220,807
Intergovernmental	25,843	158,303	142,352	326,498
Earnings on Investments	14	0	0	14
Miscellaneous	13,420	0	0	13,420
<i>Total Cash Receipts</i>	90,004	328,383	142,352	560,739
<b>Cash Disbursements:</b>				
<i>Current:</i>				
General Government	111,634	0	0	111,634
Public Safety	0	112,987	0	112,987
Public Works	0	151,420	114,752	266,172
Health	0	30,408	0	30,408
<i>Debt Service:</i>				
Principal Retirement	6,815	0	0	6,815
Interest and Fiscal Charges	431	0	0	431
<i>Total Cash Disbursements</i>	118,880	294,815	114,752	528,447
Net Changes in Fund Cash Balances	(28,876)	33,568	27,600	32,292
Fund Cash Balances, January 1	3,346	49,950	19,253	72,549
Fund (Deficit) Cash Balances, December 31	(\$25,530)	\$83,518	\$46,853	\$104,841

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

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

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

***Public Entity Risk Pool***

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

*Fire Levy Fund* – The Fire Fund accounts for and reports the portion of fire levy taxes restricted for Fire Department use only.

*Capital Project Funds* These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

*Permissive Sales Tax Fund* – This fund receives sales tax proceeds which are used to pay for improvement projects, such as roads, culverts, stone, etc. within the Township.

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Basis of Accounting***

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

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

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

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

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

*Encumbrances* The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and reappropriated in the subsequent year. The Township did not use the encumbrance method of accounting.

A summary of 2020 budgetary activity appears in note 4.

***Deposits***

All cash assets of the Township are maintained in interest-bearing checking accounts.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

*Assigned* – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in note 13.

**Note 3 - Compliance**

The Township did not maintain supporting documentation for a number of transactions for the year, which is contrary to Ohio Revised Code Section 149.351(A). The Township did not maintain sufficient accounting records for the year, which is contrary to Ohio Administrative Code Sections 117-2-02(D) and (E). The Township failed to file Tax Forms 941 and remit required federal and state employee withholdings and federal employer contributions for the year, which is contrary to Section 278, Public Law 97-248, H. R. 4961, Internal Revenue Code Chapter 26, Sections 3402(a)(1) and 3403, and Ohio Revised Code Section 5747.06. The Township did not timely file its appropriations measures for the year, which is contrary to Ohio Revised Code Section 5705.38(A). The Township did not properly encumbrance funds during the year, which is contrary to Ohio Revised Code Section 5705.41(D). The Township had negative fund balances throughout the year, which is contrary to Ohio Revised Code Section 5705.10. The Township did not timely file, nor did it file the required elements of, its annual financial report, which is contrary to Ohio Revised Code Section 117.38. The Township had expenditures in excess of appropriations for the year, including expenditures prior to the adoption of appropriations, which is contrary to Ohio Revised Code Section 5705.41(B). The Township did not properly maintain minutes for certain meetings held during and subsequent to year-end, which is contrary to Ohio Revised Code Sections 733.27(A) and 121.22(C). The Township's general presentation of minutes lacked sufficient detail to determine what actions were taken and discussions that were held, which is contrary to Ohio Revised Code Section 121.22(H).

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 was as follows:

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,037	\$90,004	\$13,967
Special Revenue	312,585	328,383	15,798
Capital Projects	152,135	142,352	(9,783)
Total	<u>\$540,757</u>	<u>\$560,739</u>	<u>\$19,982</u>

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,800	\$118,880	(\$40,080)
Special Revenue	355,030	294,815	60,215
Capital Projects	171,800	114,752	57,048
Total	<u>\$605,630</u>	<u>\$528,447</u>	<u>\$77,183</u>

**Note 5 - Deposits**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2020 was as follows:

Demand deposits     \$104,841

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 - Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in Traditional Pension Plan and Combined Plan was 0 percent during the calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 9 - Risk Management**

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

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

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31, 2020:

Cash and investments	\$36,348,066
Actuarial liabilities	10,894,146

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Township did not receive COVID-19 funding in 2020.

**Note 11 – Going Concern**

At December 31, 2020, the Township's general fund had a fund deficit cash balance of \$25,530. The Township also has unposted findings for adjustment from prior years totaling \$87,268 against the general fund in favor of restricted funds. If the Township posted the findings for adjustment, the general fund would have a deficit fund cash balance of \$112,798.

The Township also had outstanding balances for federal and state payroll tax withholdings and employer payroll taxes in the amounts of \$10,971 and \$933, respectively, at December 31, 2020.

**Scioto Township**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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The Township officials are taking steps to adopt budgets to ameliorate the low balance and stabilize the general fund.

**Note 12 – Contingent Liabilities**

***Grants***

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

***Litigation***

The Township is not currently party to legal proceedings.

**Note 13 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is restricted.

**Note 14 - Debt**

The Township issued a promissory note on April 27, 2015 from WesBanco Bank for the purchase of a building. Repayment will be made from the General Fund and the final payment was made during the year.

**Note 15 – Subsequent Event**

In 2021, the Township entered into a lease agreement with John Deere Financial for the financing of a backhoe.



**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***

Independent Auditor's Report

Board of Trustees  
Scioto Township  
Jackson County  
40 Van Fossan Road  
Beaver, Ohio 45613

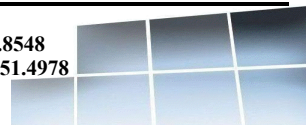
We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Scioto Township, Jackson County (the Township) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated March 13, 2025, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit. We also qualified our opinion on the fund cash balances of the general fund and special revenue funds because the Township declined to fully adjust its financial statements and accounting records for prior audit adjustments. We also qualified our opinion on miscellaneous receipts in the general fund for 2022 and 2021 due to lack of supporting documentation. Additionally, we noted there is uncertainty about the Township's ability to continue as a going concern and that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.



Scioto Township  
Jackson County

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*

Page 2

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 through 2021-004, 2021-008, and 2021-013 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

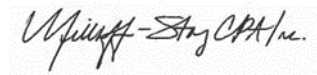
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-003, 2021-005 through 2021-007, 2021-009 through 2021-012, and 2021-013 through 2021-015.

**Township's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.  
Wheelersburg, Ohio

March 13, 2025

**Scioto Township**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2021 and 2020*

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2021-001**

**Material Weakness – Financial Reporting**

A monitoring system by the Township should be in place to prevent or detect misstatements for the accurate presentation of the Township's financial statements. During the course of testing, we noted various misstatements within the financial statements. These misstatements included the following:

- Property taxes were reported net of fees instead of in the gross.
- Intergovernmental receipts were reported in incorrect classifications and, in instances, in incorrect funds.
- Underreported disbursements due to unrecorded outstanding checks.
- Misclassified capital outlay disbursements.
- Errors in postings based on Trustee payroll certifications.

Additionally, several changes were required in order to fairly present note disclosures for each year.

These misstatements, misclassifications, and errors in disclosures were corrected in the accompanying financial statements.

In addition to the errors noted above, we noted that adjustments identified in the previous audit remain unposted by the Township due to financial constraints on the general fund. These adjustments are not reflected in the accompanying financial statements.

We recommend the Township implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and related notes.

*Township Response:*

The Township chose not to respond.

**Finding Number 2021-002**

**Material Weakness – Bank Reconciliation Controls**

Having sound internal control procedures in place over the reconciliation process is essential to ensure the Township's cash balances are accurate. Preparing reconciliations timely is imperative to ensure that errors are timely identified and resolved.

The Township could not provide evidence that bank reconciliations were performed by the Fiscal Officer. We confirmed that financial reports were reviewed by the Trustees during monthly meetings, but we could not determine whether bank reconciliations were presented as a part of those reports. The Township had to engage Local Government Services to reconstruct the Township's records, including bank reconciliations, for the audit period.

Additionally, we noted several deposits in transit that were not deposited and outstanding checks that did not clear after several months after the audit period.

**Scioto Township**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2021 and 2020*

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**Finding Number 2021-002 (Continued)**

**Material Weakness – Bank Reconciliation Controls (Continued)**

Not performing timely monthly reconciliations can result in errors in the accounting records and financial statements and/or fraudulent activity that is not timely detected by the Township. Failure to ensure that deposits in transit are timely deposited and that old outstanding checks are followed up on may result in lost funds or errors in cash balances.

We recommend that the Township Fiscal Officer timely perform and maintain bank reconciliations. Since segregation of duties is limited due to the small size of the Township, these reconciliations should be presented to the Trustees for review and acceptance or approval, and such acceptance or approval should be documented, whether by notation in the minute record or signature on the formal reconciliation documentation. Additionally, the Township should ensure that deposits in transit and old outstanding checks are followed up on and deposited and/or cashed, reissued, or voided, as appropriate.

*Township Response:*

The Township is working on using the AOS UAN system to help correct this weakness.

**Finding Number 2021-003**

**Material Weakness/Noncompliance Citation – Supporting Documentation**

Ohio Revised Code Section 149.351(A) states that all records are property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42 of the Revised Code or under the records programs established by the boards of trustees of state-supported institutions of higher education under Section 149.33 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

The Township was unable to provide supporting documentation that Federal or State tax returns were filed for the audit period. Additionally, we found no documentation in personnel files or documentation in minutes of changes in wages of employees. Further, the Township was unable to provide original documentation for health insurance reimbursements and for payroll certifications for Trustee salary allocations for several months of the audit period, and re-creations of payroll certifications were necessary in order to complete the reconstruction of accounting records.

During testing of nonpayroll expenditures, we found several disbursements for which original supporting documentation could not be provided. Vendors were contacted and most could provide replications for assurance on expenditures. We had one of the sampled transactions for which the full amount paid could not be supported by original documentation and the vendor was unable to replicate the invoice for audit. However, the documentation provided did indicate the document was an estimate of services to be provided.

The Township made multiple payments to the Scioto Volunteer Fire Department, but these amounts could not always be confirmed to tax settlement sheets. The Township could not provide copies of fire contracts that provide details on how funds are paid, and in what amounts, to the Fire Department. The Fire Department was able to provide confirmation of receipt of funds.

The Township reported significant miscellaneous receipts that could not be supported, nor could documentation from payers, as noted on deposit tickets, be provided to substantiate postings.

**Scioto Township**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2021 and 2020*

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**Finding Number 2021-003 (Continued)**

**Material Weakness/Noncompliance Citation – Supporting Documentation (Continued)**

The Township should implement procedures to ensure that original and sufficient supporting documentation is maintained for all transactions.

*Township Response:*

The Township chose not to respond.

**Finding Number 2021-004**

**Material Weakness – Segregation of Duties & Monitoring of Financial Activities**

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Township did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions. It is therefore important that the Board of Trustees function as a finance committee to monitor financial activity closely. Minutes noted that the Fiscal Officer presented financial reports for Trustee review and approval, but there was no documentation the Board of Trustees reviewed bank reconciliations or other substantial financial data during the audit period. Financial information generally provided during the monthly meetings include a list of checks, totals for all deposits and expenditures and bank balances. Multiple Trustees sign each check issued by the Township, but otherwise, no detailed financial activity appears to be provided, nor is budget to actual information presented. Additionally, minutes were often not detailed enough to determine what other monitoring procedures are performed.

This could result in errors and omissions in posting or reconciling to occur and not be identified by the Township in a timely manner. It could also result in the potential for the Trustees to make different decisions on courses of action with a more complete picture of the financial activities and balances of the Township.

The Trustees should review and approve bank reconciliations and other detailed financial reports monthly. Regular review of this information is a valuable tool for management to identify and react to unexpected activity and also to identify and correct errors in a timely manner. These reviews should be evidenced by documentation in the minutes of the Township meetings and bank reconciliations should be initialed by Trustees. The minute record should also document which reports are reviewed by the Trustees each month.

*Township Response:*

The Township chose not to respond.

**Scioto Township**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2021 and 2020*

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**Finding Number 2021-005**

**Noncompliance Citation – Accounting Records**

Ohio Administrative Code Sections 117-2-02(D) and (E) state that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Such records should include the following:

- (1) Cash journal, which typically contains the following information: the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- (2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- (3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.
- (4) In addition, all local public offices should maintain or provide a report similar to the following accounting records:
  - a. Payroll records including:
    - i. W-2s, W-4s and other withholding records and authorizations;
    - ii. Payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments;
    - iii. Check register that includes, in numerical sequence, the check number, payee, net amount, and the date;
    - iv. Information regarding nonmonetary benefits such as car usage and life insurance; and
    - v. Information, by employee, regarding leave balances and usage;

The Township did not maintain sufficient accounting records for the audit period. The Township engaged with Local Government Services to reconstruct certain records for use in preparing auditable financial statements and records. Additionally, original records that were provided for audit, such as payroll ledgers, had various errors in them.

The Township should consider implementing a packaged software program, such as UAN, that allows for the creation and maintenance of required accounting records. Otherwise, it should ensure that the Fiscal Officer is preparing and maintaining records that are adequate to cover the required reporting outlined in the Ohio Administrative Code.

*Township Response:*

The Township is converting to the AOS UAN system.

**Scioto Township**  
**Jackson County**  
*Schedule of Findings and Responses*  
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**Finding Number 2021-006**

**Noncompliance Citation – Failure to File and Make Payments for Tax Withholdings/Contributions**

Section 278, Public Law 97-248, H. R. 4961 states that Medicare should be deducted from employees' compensation for all employees hired after March 31, 1986. Furthermore, employers are liable for reporting and remitting these taxes.

26 U.S.C. Section 3402(a)(1) states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary.

26 U.S.C. Section 3403 states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

Ohio Revised Code Section 5747.06 requires the employing government to withhold state income taxes. It also requires the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

During payroll testing, we were unable to obtain evidence that the Township filed any quarterly Tax Forms 941 or paid any federal tax remittances for the audit period. We could only find evidence that two quarters' state withholding reports and tax remittances were filed/remitted for the audit period. Several payments for back taxes (tax years 2016-2019) were paid in 2020 for both federal and state taxes. We found that penalties and interest were paid on state tax remittances, which totaled \$678 in 2020.

The Township should adopt procedures to ensure that withholding payments and withholding reports are remitted timely, and support should be maintained on file to evidence performance. We further recommend the Fiscal Officer and Township contact the Internal Revenue Service and Ohio Department of Taxation to resolve any outstanding balances owed.

*Township Response:*

The Township chose not to respond.

**Finding Number 2021-007**

**Noncompliance Citation – Timely Adoption and Filing of Appropriations**

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

The Township adopted appropriations measures January 27, 2020 for 2020 and January 4, 2021 for 2021; however, neither appropriations measure was filed with the County Auditor until several months later. Additionally, expenditures were paid prior to the adoption date in 2020.

We recommend that the Township implement procedures to ensure that appropriations are adopted by the required date and that all budgetary documents are timely filed with the County Auditor. Expenditures should not be made until such time as the budget has been adopted and filed.

*Township Response:*

The Township chose not to respond.

**Scioto Township**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2021 and 2020*

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**Finding Number 2021-008**

**Material Weakness – Budgetary Information Within Accounting System**

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The appropriation resolution and subsequent amendments establish the legal spending authority of the Township, and the appropriation ledger provides the process by which the Township controls spending. It is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate of estimated resources and amendments establish the amounts available for expenditures for the Township, and the receipts ledger provides the process by which the Township controls what is available. It is therefore necessary the amounts certified by the County Budget Commission are posted accurately to the receipts ledger.

The Township did not incorporate budgetary information for estimated receipts or appropriations into its accounting records for either year of the audit period. Additionally, differences were noted between beginning balances of the certificates of estimated resources and the accounting records.

Failure to accurately record the appropriations and estimated resources in the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should record in the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Township should then monitor budget versus actual activity to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers. Further, the Township should ensure that beginning cash balances correctly reconcile to accounting records and, when audit or other adjustments are recorded, that amended certificates are filed accordingly.

*Township Response:*

The Township chose not to respond.

**Finding Number 2021-009**

**Noncompliance Citation – Proper Encumbrance of Funds**

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the 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. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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.



**Scioto Township**  
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**Finding Number 2021-009 (Continued)**

**Noncompliance Citation – Proper Encumbrance of Funds (Continued)**

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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority 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 taxing authority.

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 entity 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.

Voucher packets lacked sufficient documentation that the Township was properly and timely encumbering funds. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. The Fiscal Officer should certify the availability of funds prior to the commitment being incurred.

*Township Response:*

The Township chose not to respond.

**Finding Number 2021-010**

**Noncompliance Citation – Negative Fund Balance**

Ohio Revised Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. The Township had various negative fund balances throughout the audit period. The Township should implement the appropriate procedures to ensure that funds are available prior to expending money from a fund or transferring or advancing funds timely to ensure that deficit spending does not occur.

*Township Response:*

The Township chose not to respond.

**Scioto Township**  
**Jackson County**  
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**Finding Number 2021-011**

**Noncompliance Citation – Filing of Annual Financial Reports**

Ohio Revised Code Section 117.38 requires entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The Auditor of State may waive these penalties, upon the filing of the past due financial report.

The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. For AOS Regulatory cash basis to be complete, the applicable basic financial statements include statement(s) or combined statement(s) of receipts, disbursements and changes in fund balance – governmental, proprietary and fiduciary, as applicable, and notes to the basic financial statements.

The Township did not file its annual financial reports for either year timely per the Ohio Revised Code, nor did the original filings contain the required elements. The Township should implement additional procedures to ensure that its annual financial report is filed timely each year and that annual filings contain required elements.

*Township Response:*

The Township chose not to respond.

**Finding Number 2021-012**

**Noncompliance Citation – Expenditures in Excess of Appropriations**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. For 2020, the Township had expenditures in excess of appropriations in the General Fund and the Fire Levy Fund. Additionally, we noted that the Township had expenditures prior to the adoption of appropriations in 2020. The Township should adopt monitoring procedures, such as a comparison of expenditures with appropriations on a monthly basis. When there is an indication that appropriations may not be sufficient to cover obligations, the Township should modify its appropriations measures as appropriate. The Fiscal Officer should deny requests for payment when appropriations are not available. Further, the Township should ensure that appropriations are adopted timely and that payments are not made prior to adoption.

*Township Response:*

The Township chose not to respond.

**Finding Number 2021-013**

**Noncompliance Citation/Material Weakness – Controls Over Meeting Minutes**

Ohio Revised Code Section 121.22(H) states that a resolution, rule, or formal action of any kind is invalid unless adopted in an open meeting of the public body. A resolution, rule, or formal action adopted in an open meeting that results from deliberations in a meeting not open to the public is invalid unless the deliberations were for a purpose specifically authorized above.

**Scioto Township**  
**Jackson County**  
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**Finding Number 2021-013 (Continued)**

**Noncompliance Citation/Material Weakness – Controls Over Meeting Minutes (Continued)**

During the review of the minute record, we found that the general presentation of the minutes lacked sufficient detail to determine what actions were taken and discussions that were held. Examples of omissions include lack of detail regarding financial information reviewed by the Trustees, certain personnel matters including changes in rates of pay, and failure to document adoption of annual appropriations measures. Additionally, some minutes that were provided were not signed by various officials to indicate the final, approved version of the record of proceedings.

Failure to document adequate detail of minutes results in an insufficient presentation for determining whether the minute record is accurate and complete and whether proper monitoring is occurring. Failure to maintain signed copies of minutes results in inability to evidence that minutes were the official copies reviewed and approved by the Board of Trustees.

The Township should ensure that the minute record is sufficiently detailed to document actions taken by the Board of Trustees and to provide evidence of discussions held in open meetings. Further, the Trustees should ensure that a monitoring process is in place and functioning to ensure minutes contain all required actions of the Board and that the final version of the reviewed and approved minutes are signed and maintained in an organized fashion.

*Township Response:*

The Township chose not to respond.

**Finding Number 2021-014**

**Noncompliance Citation – Missing Meeting Minutes**

Ohio Revised Code Section 733.27(A) states that the Fiscal Officer shall attend all meetings of the legislative authority of the Township and keep a record of its proceedings (minutes) and of all rules, bylaws, resolutions, and ordinances passed or adopted, which shall be subject to the inspection of all persons interested. In case of absence of the clerk, such legislative authority shall appoint one of its members to perform the clerk's duties.

Ohio Revised Code Section 121.22(C) states, in part, that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

We noted that the Township did not maintain the original, signed copies of the minutes for various meetings held during and subsequent to the audit period.

Failure to maintain a complete record of proceedings results in an insufficient audit trail of the governance carried out by the Board of Trustees and also results in noncompliance with Ohio Revised Code.

The Township should implement the appropriate procedures to ensure that official copies of the minutes are maintained for every meeting held by the Trustees.

*Township Response:*

The Township chose not to respond.

**Scioto Township**  
**Jackson County**  
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**Finding Number 2021-015**

**Noncompliance Citation – Appropriations in Excess of Estimated Resources**

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. During 2021, appropriations exceeded estimated resources in the General Fund, Motor Vehicle License Tax Fund, and Gasoline Tax Fund. The Township should implement monitoring procedures, such as periodic comparisons of estimated resources to appropriations, to ensure that appropriations are limited to estimated resources to ensure improper spending does not occur.

*Township Response:*

The Township chose not to respond.

**Scioto Township**  
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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
Finding 2019-001	Noncompliance Citation – Ohio Revised Code Chapter 133	Yes	
Finding 2019-002	Finding for Adjustment/Noncompliance/Material Weakness – Ohio Revised Code Section 505.24(C)	No	Finding Not Reissued, Finding for Adjustment Not Corrected
Finding 2019-003	Finding for Adjustment/Noncompliance/Material Weakness – Ohio Revised Code Section 507.09(D)	No	Finding Not Reissued, Finding for Adjustment Not Corrected
Finding 2019-004	Noncompliance Citation – Ohio Revised Code Section 5705.36(A)(1)	Yes	
Finding 2019-005	Noncompliance Citation – Ohio Revised Code Section 5705.38	No	Reissued as Finding 2021-007
Finding 2019-006	Noncompliance Citation – Ohio Revised Code Section 5705.41(B)	No	Reissued as Finding 2021-012
Finding 2019-007	Noncompliance Citation – Ohio Revised Code Section 5705.41(D)	No	Reissued as Finding 2021-009
Finding 2019-008	Material Weakness – Budgetary Information Within Accounting System	No	Reissued as Finding 2021-008
Finding 2019-009	Material Weakness – Financial Reporting	No	Reissued as Finding 2021-001
Finding 2019-010	Material Weakness – Financial Reporting	No	Reissued as Finding 2021-001

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# OHIO AUDITOR OF STATE KEITH FABER



**SCIOTO TOWNSHIP**

**JACKSON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/8/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)