



**PIKE TOWNSHIP  
CLARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



PIKE TOWNSHIP  
CLARK COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Pike Township  
Clark County  
5100 N. Dayton-Lakeview Road  
New Carlisle, Ohio 45345

To the Board of Trustees:

We have audited the accompanying financial statements of Pike Township, Clark County, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

February 27, 2001

**PIKE TOWNSHIP  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$14,543	\$368,018	\$382,561
Intergovernmental	41,779	114,236	156,015
Special Assessments		7	7
Charges for Services		20,948	20,948
Earnings on Investments	48,127	8,188	56,315
Other Revenue	5,429	24,650	30,079
	<u>109,878</u>	<u>536,047</u>	<u>645,925</u>
<b>Total Cash Receipts</b>			
	<u>109,878</u>	<u>536,047</u>	<u>645,925</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	75,016	2,207	77,223
Public Safety		214,392	214,392
Public Works		134,543	134,543
Health	1,402		1,402
Miscellaneous		15,137	15,137
Contract Services		5,000	5,000
Capital Outlay	6,011	91,052	97,063
	<u>82,429</u>	<u>462,331</u>	<u>544,760</u>
<b>Total Cash Disbursements</b>			
	<u>82,429</u>	<u>462,331</u>	<u>544,760</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>27,449</u>	<u>73,716</u>	<u>101,165</u>
<b>Fund Cash Balances, January 1</b>	<u>395,097</u>	<u>518,704</u>	<u>913,801</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$422,546</u></u>	<u><u>\$592,420</u></u>	<u><u>\$1,014,966</u></u>

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

**PIKE TOWNSHIP  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$14,578	\$220,555	\$235,133
Intergovernmental	72,058	96,874	168,932
Special Assessments		72	72
Charges for Services		15,629	15,629
Earnings on Investments	38,744	7,391	46,135
Other Revenue	6,140	13,554	19,694
 Total Cash Receipts	 131,520	 354,075	 485,595
 <b>Cash Disbursements:</b>			
Current:			
General Government	88,489	2,084	90,573
Public Safety		70,536	70,536
Public Works		267,291	267,291
Miscellaneous		2,731	2,731
Contract Services		4,370	4,370
Capital Outlay		28,094	28,094
 Total Cash Disbursements	 88,489	 375,106	 463,595
 Total Receipts Over/(Under) Disbursements	 43,031	 (21,031)	 22,000
 Fund Cash Balances, January 1	 352,066	 539,735	 891,801
 <b>Fund Cash Balances, December 31</b>	 <b>\$395,097</b>	 <b>\$518,704</b>	 <b>\$913,801</b>

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



**PIKE TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Pike Township, Clark County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including street maintenance, fire protection, and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**Road and Bridge Fund** - This fund receives tax money for repair and maintenance of township roads and bridges.

**Fire District Fund** - This fund receives tax money and donations for providing fire protection.

**PIKE TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio Law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$554,966	\$453,801
Certificates of deposit	<u>460,000</u>	<u>460,000</u>
Total deposits	<u><u>1,014,966</u></u>	<u><u>913,801</u></u>

**PIKE TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,505	\$109,878	\$33,373
Special Revenue	503,022	536,047	33,025
Total	<u>\$579,527</u>	<u>\$645,925</u>	<u>\$66,398</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$471,601	\$82,429	\$389,172
Special Revenue	1,021,726	462,331	559,395
Total	<u>\$1,493,327</u>	<u>\$544,760</u>	<u>\$948,567</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,392	\$131,520	\$56,128
Special Revenue	360,937	354,075	(6,862)
Total	<u>\$436,329</u>	<u>\$485,595</u>	<u>\$49,266</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$427,458	\$88,489	\$338,969
Special Revenue	900,672	375,106	525,566
Total	<u>\$1,328,130</u>	<u>\$463,595</u>	<u>\$864,535</u>

**PIKE TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participant's gross salaries for July 2000 through December 2000. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance, dental, and vision coverage to full-time employees through a private carrier.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Pike Township  
Clark County  
5100 N. Dayton-Lakeview Road  
New Carlisle, Ohio 45345

To the Board of Trustees:

We have audited the financial statements of Pike Township, Clark County as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 27, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Pike Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40312-001. We also noted a certain immaterial instance of noncompliance that we have reported to the management of Pike Township in a separate letter dated February 27, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Pike Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Pike Township in a separate letter dated February 27, 2001.

Pike Township  
Clark County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

February 27, 2001

PIKE TOWNSHIP  
CLARK COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-40312-001

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)**, provides that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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

The township failed to properly certify funds prior to purchase commitments being entered into, and did not use the "then and now" certificate as described above for nine of the forty transactions that were tested. Proper certification of funds would provide an accurate accounting of remaining available appropriations and unencumbered funds which would aid in the financial decision making process of the Board of Trustees.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**PIKE TOWNSHIP**

**CLARK 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  
APRIL 26, 2001**