

Pee Pee Township
Pike County, Ohio

Regular Audit

For the Years Ended December 31, 2010 and 2009
Fiscal Years Audited Under GAGAS: 2010 and 2009



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Dave Yost • Auditor of State

Board of Trustees
Pee Pee Township
3670 State Route 220
Waverly, Ohio 45690

We have reviewed the *Independent Auditor's Report* of Pee Pee Township, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Pee Pee Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

May 5, 2011

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Pee Pee Township
Pike County, Ohio
Table of Contents
For the Fiscal Years Ended December 31, 2010 and 2009

Title	Page
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Funds – For the Year Ended December 31, 2010	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Funds – For the Year Ended December 31, 2009	4
Notes to the Financial Statements	5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	15



Independent Auditor's Report

Board of Trustees
Pee Pee Township
Pike County
3670 St. Rt. 220
Waverly, Ohio 45690

We have audited the accompanying financial statements of Pee Pee Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

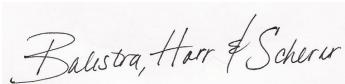
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Pee Pee Township, Pike County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Pee Pee Township
Pike County
Independent Auditors' Report

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

April 1, 2011

Pee Pee Township, Pike County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Special Revenue Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 103,998	\$ 160,901	\$ 264,899
Intergovernmental	25,525	151,335	176,860
Interest	191	382	573
	<i>Total Receipts</i>	<i>312,618</i>	<i>442,332</i>
	<i>129,714</i>		
Disbursements			
Current:			
General Government	105,278	-	105,278
Public Safety	-	31,443	31,443
Public Works	-	70,707	70,707
Health	704	126,124	126,828
Other	-	6,099	6,099
Capital Outlay	-	10,000	10,000
Debt Service:			
Principal Retirement	-	45,526	45,526
Interest and Fiscal Charges	-	2,943	2,943
	<i>Total Disbursements</i>	<i>292,842</i>	<i>398,824</i>
	<i>105,982</i>		
<i>Net Change in Fund Balances</i>	<i>23,732</i>	<i>19,776</i>	<i>43,508</i>
<i>Fund Balances - Beginning of Year</i>	<i>6,295</i>	<i>143,129</i>	<i>149,424</i>
<i>Fund Balances - End of Year</i>	<i>\$ 30,027</i>	<i>\$ 162,905</i>	<i>\$ 192,932</i>

See accompanying notes to the financial statements.

Pee Pee Township, Pike County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2009

	General Fund	Special Revenue Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 59,955	\$ 187,240	\$ 247,195
Intergovernmental	24,723	120,103	144,826
Licenses, Permits and Fees	1,114	-	1,114
Interest	855	1,710	2,565
Other	5,420	-	5,420
	<u>92,067</u>	<u>309,053</u>	<u>401,120</u>
<i>Total Receipts</i>			
Disbursements			
Current:			
General Government	102,862	-	102,862
Public Safety	-	33,504	33,504
Public Works	-	87,540	87,540
Health	708	130,183	130,891
Debt Service:			
Principal Retirement	-	38,933	38,933
Interest and Fiscal Charges	-	4,536	4,536
	<u>103,570</u>	<u>294,696</u>	<u>398,266</u>
<i>Total Disbursements</i>			
<i>Net Change in Fund Balances</i>	(11,503)	14,357	2,854
<i>Fund Balances - Beginning of Year</i>	<u>17,798</u>	<u>128,772</u>	<u>146,570</u>
<i>Fund Balances - End of Year</i>	<u>\$ 6,295</u>	<u>\$ 143,129</u>	<u>\$ 149,424</u>

See accompanying notes to the financial statements.

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pee Pee Township, Pike 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. The Township contracts with the City of Waverly to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) which is an insurance risk-sharing pool available to Ohio Townships. Note 7 provides additional information regarding this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The 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).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash Deposit

The Township had one checking account and one certificate of deposit valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Gasoline Tax Fund – This fund receives gasoline tax money to pay constructing, maintaining, and repairing township roads.

Fire Fund – This fund receives property tax money to provide fire protection for the residents of the Township.

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Cemetery Fund – This fund receives property tax money to maintain a cemetery located in the Township.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The Township did not use the encumbrance method of accounting.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. 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.

2. Equity in Pooled Cash Deposits

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

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$ 142,932	\$ 99,424
Certificates of Deposits	<u>50,000</u>	<u>50,000</u>
Total Deposits	\$ 192,932	\$ 149,424

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

2. Equity in Pooled Cash Deposits (continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending 2010 and 2009 as follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,764	\$ 129,714	\$ 42,950
Special Revenue	289,585	312,618	23,033
Total	\$ 376,349	\$ 442,332	\$ 65,983

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 118,703	\$ 105,982	\$ 12,721
Special Revenue	366,500	292,842	73,658
Total	\$ 485,203	\$ 398,824	\$ 86,379

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 85,439	\$ 92,067	\$ 6,628
Special Revenue	313,500	309,053	(4,447)
Total	\$ 398,939	\$ 401,120	\$ 2,181

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 118,203	\$ 103,570	\$ 14,633
Special Revenue	379,500	294,696	84,804
Total	\$ 497,703	\$ 398,266	\$ 99,437

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to 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. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
General Obligation Note	\$ 32,231	3.76%
General Obligation Note	1,498	3.25%
Total	\$ 33,729	

The Township issued general obligation notes to finance the purchase of a fire truck for Township safety. The Township's taxing authority collateralized the note.

The Township issued general obligation notes to finance the purchase of a pickup truck for Township road work. The Township's taxing authority collateralized the note.

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

Year Ending December 31:	Fire Truck	Pick-up Truck
2011	33,455	1,498
Total	\$ 33,455	\$ 1,498

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

6. Retirement Systems

Township officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, which include postretirement healthcare and survivor and disability benefits as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

7. Risk Management

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

The Township insures against injuries to employees through the Ohio Bureau of Workers Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	(12,880,766)	(12,981,818)
Retained Earnings	<u>\$ 26,101,322</u>	<u>\$ 27,755,922</u>

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

7. Risk Management (Continued)

At December 31, 2009 and 2008, respectively, casualty coverage liabilities noted above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$10,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2008	\$ 5,184
2009	\$ 4,345
2010	\$ 5,260

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Compliance

Contrary to Ohio Revised Code section 5705.39, the Township's appropriations exceeded estimated resources in the General, Road & Bridge, and Cemetery funds by \$25,644, \$1,756, and \$13,015, respectively at December 31, 2010 and in the General, Road & Bridge, and Cemetery funds by \$14,966, \$1,762, and \$4,017, respectively at December 31, 2009.

Contrary to Ohio Revised Code section 5705.36 (A)(4), the Township had appropriations in excess of actual resources in the Cemetery fund in 2010 by \$432 and in the General fund in 2009 by \$8,338.

Contrary to 5705.41 (D), the Township did not use purchase orders.



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Board of Trustees
Pee Pee Township
Pike County
3670 St. Rt. 220
Waverly, Ohio 45690

We have audited the financial statements of Pee Pee Township, Pike County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated April 1, 2011, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

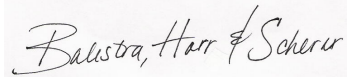
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-004 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2010-001 through 2010-003.

The Township's response to one of the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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



Balestra, Harr & Scherer, CPAs, Inc.
April 1, 2011

**PEE PEE TOWNSHIP
PIKE COUNTY
DECEMBER 31, 2010 AND 2009
SCHEDULE OF FINDINGS**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Noncompliance

Ohio Rev. Code, Section 5705.41 (D) states 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.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment or the amount due. The Township has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

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

The Fiscal Officer’s certification was not utilized for any disbursement made by the Township. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Every effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying funds prior to making a purchase obligation.

The Township should certify purchases to which 5705.41 (D) applies. The most convenient method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Client Response:

Trustees don’t want to use purchase orders.

**PEE PEE TOWNSHIP
PIKE COUNTY
DECEMBER 31, 2010 AND 2009
SCHEDULE OF FINDINGS**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-002

Material Noncompliance

Ohio Rev. Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total estimated resources.

Appropriations exceeded estimated resources in the General, Road & Bridge, and Cemetery funds by \$25,644, \$1,756, and \$13,015, respectively at December 31, 2010 and in the General, Road & Bridge, and Cemetery funds by \$14,966, \$1,762, and \$4,017, respectively at December 31, 2009.

Failure to receive an Amended Certificate of Estimated Resources from the County Auditor results in an inability to approve appropriations which do not exceed total resources. The Township's Fiscal Officer should monitor to ensure that appropriations from each fund do not exceed the total amount of estimated resources.

Client Response:

We received no response from officials regarding the above finding.

FINDING NUMBER 2010-003

Material Noncompliance

Ohio Rev. Code Section 5705.36 (A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Township had appropriations in excess of actual resources in the Cemetery fund in 2010 by \$432 and in the General fund in 2009 by \$8,338.

The Township's Fiscal Officer should review the certificate of estimated resources and when it becomes apparent that the level of receipts will fall below the estimated resources, a reduced amended certificate should be obtained.

Client Response:

We received no response from officials regarding the above finding.

FINDING NUMBER 2010-004

Material Weakness

The Township had adjustments and reclassifications that were required to be posted to properly reflect cash receipts and cash disbursements.

The accompanying financial statements were adjusted to reflect adjustments to the following line items:

- Property and other local taxes
- Intergovernmental revenue
- Principal Retirement
- Interest and Fiscal Charges

Client Response:

We received no response from officials regarding the above finding.

**PEE PEE TOWNSHIP
PIKE COUNTY
DECEMBER 31, 2010 AND 2009**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	ORC Section 5705.41(D) properly encumbering funds	No	Reissued as 2010-001
2008-002	ORC Section 5705.39 appropriation exceeding estimated resources	No	Reissued as 2010-002
2008-003	ORC Section 5705.41 (B) expenditures exceeding appropriations	Yes	
2008-004	ORC Section 5705.36 (A) appropriations in excess of actual resources	No	Reissued as 2010-003



Dave Yost • Auditor of State

PEE PEE TOWNSHIP

PIKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 17, 2011**