



Dave Yost • Auditor of State

**PIKE TOWNSHIP
MADISON COUNTY
DECEMBER 31, 2017 & 2016**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Pike Township
Madison County
3140 Rosedale Road
Irwin, Ohio 43029

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike Township, Madison County, Ohio (the Township), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike Township, Madison County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline, Cemetery, and Fire and EMS funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 28, 2018

Pike Township
Madison County, Ohio
Statement of Net Position - Cash Basis
December 31, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 363,786
<i>Total Assets</i>	\$ 363,786
Net Position	
Restricted for:	
Capital Projects	\$ 30,975
Other Purposes	355,422
Unrestricted	(22,611)
<i>Total Net Position</i>	\$ 363,786

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
Governmental Activities	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Current:				
General Government	\$ 44,123	\$ 801	\$ -	\$ (43,322)
Public Safety	25,234	-	-	(25,234)
Public Works	65,117	-	85,507	20,390
Health	3,018	-	-	(3,018)
Capital Outlay	29,122	-	-	(29,122)
<i>Total Governmental Activities</i>	\$ 166,614	\$ 801	\$ 85,507	\$ (80,306)
		General Receipts:		
		Property and other local taxes levied for:		
		General purposes	28,535	
		Fire & EMS	25,372	
		Grants and Entitlements not Restricted to Specific Programs	10,923	
		Earnings on Investments	272	
		Miscellaneous	846	
		<i>Total General Receipts</i>	65,948	
		<i>Change in Net Position</i>		(14,358)
		<i>Net Position Beginning of Year</i>		378,144
		<i>Net Position End of Year</i>		\$ 363,786

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2017

	General	Gasoline	Cemetery	Fire & EMS	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ (22,611)	\$ 310,308	\$ 511	\$ 19,852	\$ 55,726	\$ 363,786
<i>Total Assets</i>	<u>\$ (22,611)</u>	<u>\$ 310,308</u>	<u>\$ 511</u>	<u>\$ 19,852</u>	<u>\$ 55,726</u>	<u>\$ 363,786</u>
Fund Balances						
Restricted	\$ -	\$ 310,308	\$ 511	\$ 19,852	\$ 55,726	\$ 386,397
Unassigned	(22,611)	-	-	-	-	(22,611)
<i>Total Fund Balances</i>	<u>\$ (22,611)</u>	<u>\$ 310,308</u>	<u>\$ 511</u>	<u>\$ 19,852</u>	<u>\$ 55,726</u>	<u>\$ 363,786</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2017

	General	Gasoline	Cemetery	Fire & EMS	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 28,535	\$ -	\$ -	\$ 25,372	\$ -	\$ 53,907
Charges for Services	801	-	-	-	-	801
Intergovernmental	10,923	80,854	-	-	3,575	95,352
Earnings on Investments	272	1,013	-	-	65	1,350
Miscellaneous	846	-	-	-	-	846
<i>Total Receipts</i>	<u>41,377</u>	<u>81,867</u>	<u>-</u>	<u>25,372</u>	<u>3,640</u>	<u>152,256</u>
Disbursements						
Current:						
General Government	44,123	-	-	-	-	44,123
Public Safety	-	-	-	25,234	-	25,234
Public Works	-	64,639	-	-	478	65,117
Health	3,018	-	-	-	-	3,018
Capital Outlay	-	29,122	-	-	-	29,122
<i>Total Disbursements</i>	<u>47,141</u>	<u>93,761</u>	<u>-</u>	<u>25,234</u>	<u>478</u>	<u>166,614</u>
<i>Net Change in Fund Balances</i>	(5,764)	(11,894)	-	138	3,162	(14,358)
<i>Fund Balances Beginning of Year</i>	(16,847)	322,202	511	19,714	52,564	378,144
<i>Fund Balances End of Year</i>	<u>\$ (22,611)</u>	<u>\$ 310,308</u>	<u>\$ 511</u>	<u>\$ 19,852</u>	<u>\$ 55,726</u>	<u>\$ 363,786</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$ 54,118	\$ 54,118	\$ 28,535	\$ (25,583)
Charges for Services	-	-	801	801
Intergovernmental	3,213	3,213	10,923	7,710
Earnings on Investments	-	-	272	272
Miscellaneous	-	-	846	846
<i>Total Receipts</i>	<u>57,331</u>	<u>57,331</u>	<u>41,377</u>	<u>(15,954)</u>
Disbursements				
Current:				
General Government	62,420	62,420	44,123	18,297
Public Safety	290	290	-	290
Public Works	200	200	-	200
Health	2,600	2,600	3,018	(418)
<i>Total Disbursements</i>	<u>65,510</u>	<u>65,510</u>	<u>47,141</u>	<u>18,369</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,179)	(8,179)	(5,764)	2,415
Other Financing Sources (Uses)				
Other Financing Uses	(440)	(440)	-	440
<i>Total Other Financing Sources (Uses)</i>	<u>(440)</u>	<u>(440)</u>	<u>-</u>	<u>440</u>
<i>Net Change in Fund Balance</i>	(8,619)	(8,619)	(5,764)	2,855
<i>Unencumbered Fund Balance Beginning of Year</i>	(16,847)	(16,847)	(16,847)	-
<i>Unencumbered Balance End of Year</i>	<u>\$ (25,466)</u>	<u>\$ (25,466)</u>	<u>\$ (22,611)</u>	<u>\$ 2,855</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
Gasoline Fund
For the Year Ended December 31, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 133,037	\$ 133,037	\$ 80,854	\$ (52,183)
Earnings on Investments	-	-	1,013	1,013
<i>Total Receipts</i>	133,037	133,037	81,867	(51,170)
Disbursements				
Current:				
General Government	9,000	9,000	-	9,000
Public Works	88,100	88,100	64,639	23,461
Capital Outlay	30,500	30,500	29,122	1,378
<i>Total Disbursements</i>	127,600	127,600	93,761	33,839
<i>Excess of Receipts Over (Under) Disbursements</i>	5,437	5,437	(11,894)	(17,331)
Other Financing Sources (Uses)				
Other Financing Uses	(30,000)	(30,000)	-	30,000
<i>Total Other Financing Sources (Uses)</i>	(30,000)	(30,000)	-	30,000
<i>Net Change in Fund Balance</i>	(24,563)	(24,563)	(11,894)	12,669
<i>Unencumbered Fund Balance Beginning of Year</i>	322,202	322,202	322,202	-
<i>Unencumbered Balance End of Year</i>	<u>\$ 297,639</u>	<u>\$ 297,639</u>	<u>\$ 310,308</u>	<u>\$ 12,669</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
Cemetery Fund
For the Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<i>Total Receipts</i>	-	-	-	-
Disbursements				
Current:				
Health	30	30	-	30
<i>Total Disbursements</i>	30	30	-	30
<i>Net Change in Fund Balance</i>	(30)	(30)	-	30
<i>Unencumbered Fund Balance Beginning of Year</i>	511	511	511	-
<i>Unencumbered Balance End of Year</i>	<u>\$ 481</u>	<u>\$ 481</u>	<u>\$ 511</u>	<u>\$ 30</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
Fire & EMS Fund
For the Year Ended December 31, 2017

	<u>Budget Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 134,075	\$ 134,075	\$ 25,372	\$ (108,703)
<i>Total Receipts</i>	134,075	134,075	25,372	(108,703)
Disbursements				
Current:				
Public Safety	28,500	28,500	25,234	3,266
<i>Total Disbursements</i>	28,500	28,500	25,234	3,266
<i>Net Change in Fund Balance</i>	105,575	105,575	138	(105,437)
<i>Unencumbered Fund Balance Beginning of Year</i>	19,714	19,714	19,714	-
<i>Unencumbered Balance End of Year</i>	<u>\$ 125,289</u>	<u>\$ 125,289</u>	<u>\$ 19,852</u>	<u>\$ (105,437)</u>

See accompanying notes to the basic financial statements.

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

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

The reporting entity is comprised of the primary government that was included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, fire and EMS services and cemetery maintenance.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

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

Government-Wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no Business-type activities.

The Statement of Net Position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible.

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

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

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the Township's funds fall into the governmental funds category.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds

General 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.

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

Fire & EMS Fund This fund receives property tax money for maintaining, repairing and improving the Township's fire house and its contents, fire equipment and all related services.

Cemetery Fund The cemetery fund accounts for and reports cemetery plot sales and donations restricted to the maintenance and upkeep of the Township's cemetery.

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

Basis of Accounting

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

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

Budgetary Process

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

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

Cash and Investments

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2017 was \$272, which includes \$65 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Inventory and Prepaid Items

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

Inventories resulting from cash transactions are presented at cost on a first-in, first out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

Capital Assets

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

Prior to 2017, governmental infrastructure assets were not capitalized. Infrastructure assets acquired since 2017 are recorded at cost. The Township maintains a capitalization threshold of \$10,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

The fund financial statements report outstanding interfund loans as interfund receivables/payables. Interfund loans which do not represent available expendable resources are classified as nonspendable fund balance. Interfund balances are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception.

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for cemetery, fire operations, and road and bridge maintenance and improvements, and net position restricted for capital projects includes resources restricted for Issue II projects.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Note 3 – Accountability and Compliance

Accountability

Contrary to Ohio Rev. Code 5705.10(I), at December 31, 2017 the Township had a negative General Fund balance of \$(22,611). The Township has been receiving training from the Auditor of State's Local Government Services regarding budgeting and planning processes and the Township has created a plan to eliminate the negative fund balance in the General Fund. In July of 2017, the Township Trustees approved the collection of all available inside millage beginning with the 2017 tax assessment to be collected in 2018. This has resulted in the General fund's negative fund balance being eliminated and the fund has a positive fund balance of \$5,655 as of October 31, 2018.

Compliance

Contrary to Ohio Rev. Code 5705.39, the Township appropriated \$65,950 for the General Fund which exceeded its total estimated resources of \$40,484. The Township has been receiving training from Auditor of State's Local Government Services regarding budgeting and planning processes and procedures. The Township Trustees approved the collection of all available inside millage beginning on the 2017 tax assessment to be collected in 2018. This will increase the available resources for the General Fund and make it easier for the Township to budget appropriations within their available resources.

Contrary to Ohio Rev. Code 5705.10(A) and 5705.10(D), the Township improperly posted intergovernmental receipts to the Gasoline fund instead of the General fund, totaling \$1,038 and improperly posted intergovernmental receipts to the Motor Vehicle Tax fund instead of the General fund totaling \$2,175.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general, gasoline, cemetery, and fire and ems funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. None of the differences between budgetary basis and the cash basis occurred or applied to the township during 2017.

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

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Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. The Township's entire bank balance is covered by the provided FDIC coverage.

Note 6 - Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2017, was \$58.48 per \$1,000 of assessed value.

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

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 7 – Risk Management

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

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 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, 2017.

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$2000.

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.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>2017 Contributions to OTARMA</u>
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\$4,570

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.

The Township provides health insurance for any full-time employee. The three township trustees and the fiscal officer are reimbursed \$4,000 each year for health insurance.

Note 8 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula:	Formula:	Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0	1.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$14,006.16 for year 2017.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016.

PIKE TOWNSHIP
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Fund Balances	General	Gasoline Tax	Cemetery	Fire & EMS	Other Governmental Funds	Total
Restricted for						
Cemetery	-	-	511	-	-	511
Fire operations	-	-	-	19,852	-	19,852
Issue II projects	-	-	-	-	30,975	30,975
Road and bridge maintenance and repair	-	310,308	-	-	24,751	335,059
<i>Total Restricted</i>	-	310,308	511	19,852	55,726	386,397
Unassigned (Deficit)	(22,611)	-	-	-	-	(22,611)
<i>Total Fund Balances</i>	\$ (22,611)	\$ 310,308	\$ 511	\$ 19,852	\$ 55,726	\$ 363,786

Pike Township
Madison County, Ohio
Statement of Net Position - Cash Basis
December 31, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 378,144
<i>Total Assets</i>	\$ 378,144
Net Position	
Restricted for:	
Capital Projects	\$ 30,975
Other Purposes	375,848
Unrestricted	(28,679)
<i>Total Net Position</i>	\$ 378,144

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$ 55,004	\$ 821	-	\$ (54,183)
Public Safety	27,327	-	-	(27,327)
Public Works	50,668	-	97,978	47,310
Health	1,951	-	-	(1,951)
Other	-	-	-	-
Capital Outlay	1,384	-	-	(1,384)
<i>Total Governmental Activities</i>	<u>\$ 136,334</u>	<u>\$ 821</u>	<u>97,978</u>	<u>\$ (37,535)</u>

General Receipts:

Property taxes and other local taxes levied for:	
General purposes	\$ 28,233
Fire & EMS services	25,005
Grants and Entitlements not Restricted to Specific Programs	19,629
Earnings on Investments	378
Miscellaneous	4,823
<i>Total General Receipts</i>	<u>78,068</u>
<i>Change in Net Position</i>	40,533
<i>Net Position Beginning of Year</i>	<u>337,611</u>
<i>Net Position End of Year</i>	<u>\$ 378,144</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	General	Gasoline	Cemetery	Fire & EMS	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ (16,847)	\$ 322,202	\$ 511	\$ 19,714	\$ 52,564	\$ 378,144
<i>Total Assets</i>	<u>\$ (16,847)</u>	<u>\$ 322,202</u>	<u>\$ 511</u>	<u>\$ 19,714</u>	<u>\$ 52,564</u>	<u>\$ 378,144</u>
Fund Balances						
Restricted	-	322,202	511	19,714	52,564	394,991
Assigned	11,832	-	-	-	-	11,832
Unassigned	(28,679)	-	-	-	-	(28,679)
<i>Total Fund Balances</i>	<u>\$ (16,847)</u>	<u>\$ 322,202</u>	<u>\$ 511</u>	<u>\$ 19,714</u>	<u>\$ 52,564</u>	<u>\$ 378,144</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	General	Gasoline	Cemetery	Fire & EMS	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 28,233	\$ -	\$ -	\$ 25,005	\$ -	\$ 53,238
Charges for Services	821	-	-	-	-	821
Intergovernmental	19,629	94,467	-	-	2,867	116,963
Earnings on Investments	378	592	-	-	52	1,022
Miscellaneous	4,823	-	-	-	-	4,823
<i>Total Receipts</i>	<u>53,884</u>	<u>95,059</u>	<u>-</u>	<u>25,005</u>	<u>2,919</u>	<u>176,867</u>
Disbursements						
Current:						
General Government	55,004	-	-	-	-	\$ 55,004
Public Safety	200	-	-	27,127	-	27,327
Public Works	226	49,829	-	-	613	50,668
Health	1,951	-	-	-	-	1,951
Capital Outlay	500	884	-	-	-	1,384
<i>Total Disbursements</i>	<u>57,881</u>	<u>50,713</u>	<u>-</u>	<u>27,127</u>	<u>613</u>	<u>136,334</u>
<i>Net Change in Fund Balances</i>	(3,997)	44,346	-	(2,122)	2,306	40,533
<i>Fund Balances Beginning of Year</i>	(12,850)	277,856	511	21,836	50,258	337,611
<i>Fund Balances End of Year</i>	<u>\$ (16,847)</u>	<u>\$ 322,202</u>	<u>\$ 511</u>	<u>\$ 19,714</u>	<u>\$ 52,564</u>	<u>\$ 378,144</u>

See accompanying notes to the basic financial statements.

Pike Township
 Madison County, Ohio
 Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
 General Fund
 For the Year Ended December 31, 2016

	<u>Budget Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 7,146	\$ 7,146	\$ 28,233	\$ 21,087
Charges for Services	-	-	821	821
Intergovernmental	28,417	28,417	19,629	(8,788)
Earnings on Investments	400	400	378	(22)
Miscellaneous	22,239	22,239	4,823	(17,416)
<i>Total Receipts</i>	<u>58,202</u>	<u>58,202</u>	<u>53,884</u>	<u>(4,318)</u>
Disbursements				
Current:				
General Government	60,370	60,370	55,004	5,366
Public Safety	1,890	1,890	200	1,690
Public Works	250	250	226	24
Health	3,378	3,378	1,951	1,427
Capital Outlay	3,000	3,000	500	2,500
<i>Total Disbursements</i>	<u>68,888</u>	<u>68,888</u>	<u>57,881</u>	<u>11,007</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,686)	(10,686)	(3,997)	6,689
Other Financing Sources (Uses)				
Other Financing Uses	(2,440)	(2,440)	-	2,440
<i>Total Other Financing Sources (Uses)</i>	<u>(2,440)</u>	<u>(2,440)</u>	<u>-</u>	<u>2,440</u>
<i>Net Change in Fund Balance</i>	(13,126)	(13,126)	(3,997)	9,129
<i>Unencumbered Fund Balance Beginning of Year</i>	(12,850)	(12,850)	(12,850)	-
<i>Unencumbered Balance End of Year</i>	<u>\$ (25,976)</u>	<u>\$ (25,976)</u>	<u>\$ (16,847)</u>	<u>\$ 9,129</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
Gasoline Fund
For the Year Ended December 31, 2016

	<u>Budget Amounts</u>			Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 67,034	\$ 67,034	\$ 94,467	\$ 27,433
Earnings on Investments	6,499	6,499	592	(5,907)
Miscellaneous	22,500	22,500	-	(22,500)
<i>Total Receipts</i>	96,033	96,033	95,059	(974)
Disbursements				
Current:				
General Government	9,000	9,000	-	9,000
Public Works	88,100	98,100	49,829	48,271
Capital Outlay	8,000	8,000	884	7,116
<i>Total Disbursements</i>	105,100	115,100	50,713	64,387
<i>Excess of Receipts Over (Under) Disbursements</i>	(9,067)	(19,067)	44,346	63,413
Other Financing Sources (Uses)				
Transfers In	45,000	45,000	-	(45,000)
Other Financing Uses	(30,000)	(20,000)	-	20,000
<i>Total Other Financing Sources (Uses)</i>	15,000	25,000	-	(25,000)
<i>Net Change in Fund Balance</i>	5,933	5,933	44,346	38,413
<i>Unencumbered Fund Balance Beginning of Year</i>	277,856	277,856	277,856	-
<i>Unencumbered Balance End of Year</i>	<u>\$ 283,789</u>	<u>\$ 283,789</u>	<u>\$ 322,202</u>	<u>\$ 38,413</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
Cemetery Fund
For the Year Ended December 31, 2016

	<u>Budget Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<i>Total Receipts</i>	-	-	-	-
Disbursements				
Current:				
Health	30	30	-	30
<i>Total Disbursements</i>	<u>30</u>	<u>30</u>	<u>-</u>	<u>30</u>
<i>Net Change in Fund Balance</i>	(30)	(30)	-	30
<i>Unencumbered Fund Balance Beginning of Year</i>	511	511	511	-
<i>Unencumbered Balance End of Year</i>	<u>\$ 481</u>	<u>\$ 481</u>	<u>\$ 511</u>	<u>\$ 30</u>

See accompanying notes to the basic financial statements.

Pike Township
Madison County, Ohio
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis
Fire & EMS Fund
For the Year Ended December 31, 2016

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 14,931	\$ 14,931	\$ 25,005	\$ 10,074
Intergovernmental	2,647	2,647	-	(2,647)
<i>Total Receipts</i>	17,578	17,578	25,005	7,427
Disbursements				
Current:				
Public Safety	28,500	28,500	27,127	1,373
<i>Total Disbursements</i>	28,500	28,500	27,127	1,373
<i>Net Change in Fund Balance</i>	(10,922)	(10,922)	(2,122)	8,800
<i>Unencumbered Fund Balance Beginning of Year</i>	21,836	21,836	21,836	-
<i>Unencumbered Balance End of Year</i>	\$ 10,914	\$ 10,914	\$ 19,714	\$ 8,800

See accompanying notes to the basic financial statements.

PIKE TOWNSHIP
Madison County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

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

The reporting entity is comprised of the primary government that was included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, fire and EMS services and cemetery maintenance.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

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

Government-Wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no Business-type activities.

The Statement of Net Position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible.

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Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

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

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the Township's funds fall into the governmental funds category.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds

General 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.

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

Fire & EMS Fund This fund receives property tax money for maintaining, repairing and improving the Township's fire house and its contents, fire equipment and all related services.

Cemetery Fund The cemetery fund accounts for and reports cemetery plot sales and donations restricted to the maintenance and upkeep of the Township's cemetery.

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

Basis of Accounting

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

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

Budgetary Process

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

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

Cash and Investments

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$378, which includes \$65 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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Notes to the Basic Financial Statements
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Inventory and Prepaid Items

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

Inventories resulting from cash transactions are presented at cost on a first-in, first out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

Capital Assets

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

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

The fund financial statements report outstanding interfund loans as interfund receivables/payables. Interfund loans which do not represent available expendable resources are classified as nonspendable fund balance. Interfund balances are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for cemetery, fire operations, and road and bridge maintenance and improvements, and net position restricted for capital projects includes resources restricted for Issue II projects.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

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Notes to the Basic Financial Statements
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Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

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Notes to the Basic Financial Statements
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Note 3 – Accountability and Compliance

Accountability

Contrary to Ohio Rev. Code 5705.10(I), at December 31, 2016 the Township had a negative General Fund balance of \$(16,847). The Township has been receiving training from the Auditor of State's Local Government Services regarding budgeting and planning processes and the Township has created a plan to eliminate the negative fund balance in the General Fund. In July of 2017, the Township Trustees approved the collection of all available inside millage beginning with the 2017 tax assessment to be collected in 2018. This has resulted in the General fund's negative fund balance being eliminated and the fund has a positive fund balance of \$5,655 as of October 31, 2018.

Compliance

Contrary to Ohio Rev. Code 5705.39, the Township appropriated \$71,328 for the General Fund which exceeded its total estimated resources of \$45,352. The Township has been receiving training from Auditor of State's Local Government Services regarding budgeting and planning processes and procedures. The Township Trustees approved the collection of all available inside millage beginning with the 2017 tax assessment to be collected in 2018. This will increase the available resources for the General Fund and make it easier for the Township to budget appropriations within their available resources.

Contrary to Ohio Rev. Code 5705.10(A) and 5705.10(D), the Township improperly posted intergovernmental receipts to the Gasoline fund instead of the General fund, totaling \$765 and improperly posted intergovernmental receipts to the Fire and EMS fund instead of the Gasoline fund totaling \$7,723.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general, gasoline, cemetery and fire and ems funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. None of the differences between budgetary basis and cash basis occurred or applied to the Township during 2016.

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. The Township's entire bank balance is covered by the provided FDIC coverage.

Note 6 - Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2016, was \$58.48 per \$1,000 of assessed value.

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

Note 7 – Risk Management

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

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 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, 2016.

	2016
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

<u>2016 Contributions to OTARMA</u>
\$4,661

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.

The Township provides health insurance for any full-time employee. The three township trustees and the fiscal officer are reimbursed \$4,000 each year for health insurance.

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Notes to the Basic Financial Statements
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Note 8 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula:	Formula:	Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	State and Local	Public Safety	Law Enforcement
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$13,401 for year 2016.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016.

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OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent.

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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Fund Balances	General	Gasoline	Cemetery	Fire & EMS	Other Governmental Funds	Total
Restricted for						
Cemetery	-	-	511	-	-	511
Fire operations	-	-	-	19,714	-	19,714
Issue II projects	-	-	-	-	30,975	30,975
Road and bridge maintenance and repair	-	322,202	-	-	21,589	343,791
<i>Total Restricted</i>	-	322,202	511	19,714	52,564	394,991
Assigned to						
Subsequent year appropriations	11,832	-	-	-	-	11,832
<i>Total Assigned</i>	11,832	-	-	-	-	11,832
Unassigned (Deficit)	(28,679)	-	-	-	-	(28,679)
<i>Total Fund Balances</i>	<u>\$ (16,847)</u>	<u>\$ 322,202</u>	<u>\$ 511</u>	<u>\$ 19,714</u>	<u>\$ 52,564</u>	<u>\$ 378,144</u>

Note 11 – Subsequent Events

On July 12, 2017 the Township approved the collection of all available inside millage. This resulted in an increased inside millage assessment of 0.7 mils. The assessment can only be used for general operations of the Township.



Dave Yost • Auditor of State

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

Pike Township
Madison County
3140 Rosedale Road
Irwin, Ohio 43029

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike Township, Madison County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 28, 2018, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-003 to be material weaknesses.

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, opining 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 we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2017-002 and 2017-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

November 28, 2018

**PIKE TOWNSHIP
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 and 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to lack of controls regarding the posting of receipts and classification of net position and receipts on the Statement of Activities and not properly applying the requirements of Government Accounting Standards Board (GASB) Statement No. 34 and 54, the below audit adjustments were noted.

- **For the year ended December 31, 2016:**
 - Reclassification of net position on the Statement of Net Position from unrestricted (\$326,311) and restricted for capital projects (\$27,437) to restricted for other purposes (\$353,748).
 - Reclassification of general receipts – property taxes (\$53,238) on the Statement of Activities to show the purposes for which the property taxes were levied: \$28,233 levied for general purposes and \$25,005 levied for fire & EMS services.
 - Reclassification of general receipts – property taxes (\$7,722), general receipts – other taxes (\$3,243) and general receipts – miscellaneous (\$360) on the Statement of Activities to general receipts – grants and entitlements not restricted to specific programs (\$4,367) and program receipts – operating grants and contributions – public works (\$6,958).
 - Reclassification of program receipts – charges for service – other (\$1,822) and program receipts – charges for service – public works (\$21) on the Statement of Activities to general receipts – earnings on investment (\$378), program receipts – operating grants and contributions – public works (\$644), and program receipts – charges for services – general government (\$821).
 - Reclassification of General Fund property tax receipts (\$3,242) and miscellaneous receipts (\$360) to intergovernmental receipts (\$3,602).
 - Per the requirements in GASB 34 for determining major funds, the Gasoline Fund is required to be reported as a major special revenue fund on the Township's financial statements. Also, according to GASB 54, this fund is required to be reported as a special revenue fund with a restricted fund balance due to the receipts in the fund being restricted by state statute. We noted that the Township improperly rolled up the Gasoline fund into the General fund; therefore adjustments were made to remove this fund and show it on the statements as its own major fund. The following amounts were reduced in the General fund and added to the Gasoline fund:
 - i. Fund balance beginning of year of \$277,856;
 - ii. Intergovernmental receipts of \$87,509;
 - iii. Earnings on investment receipts of \$592;
 - iv. Public works expenditures of \$49,829;
 - v. Capital outlay expenditures of \$884; and
 - vi. Equity in pooled cash and cash equivalents of \$315,244.

**PIKE TOWNSHIP
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 and 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-001 (Continued)

Material Weakness – Financial Reporting (Continued)

- As a result of adding the Gasoline fund as a major fund, a budgetary statement is also required. The following amounts were removed from the General fund's original and final budgeted amounts and added to the Gasoline fund's original and final budgeted amounts on the budgetary statements:
 - i. Intergovernmental receipts, \$60,076
 - ii. Earnings on investment receipts, \$6,499
 - iii. Miscellaneous receipts, \$22,500
 - iv. Expenditures – general government, \$9,000
 - v. Expenditures – public works, \$88,100 (original budget), \$98,100 (final budget)
 - vi. Expenditures – capital outlays, \$8,000
 - vii. Transfers-in, \$45,000
 - viii. Other financing uses, \$30,000 (original budget), \$20,000 (final budget)
- Reclassification of the General fund fund balance from unassigned fund balance to assigned fund balance to account for the amounts assigned for future appropriations totaling \$11,832.
- **For the year ended December 31, 2017:**
 - Reclassification of net position on the Statement of Net Position from unrestricted (\$300,412) and restricted for capital projects (\$27,575) to restricted for other purposes (\$327,987).
 - Reclassification of general receipts – property taxes (\$53,907) on the Statement of Activities to show the purposes for which the property taxes were levied; \$28,535 levied for general purposes and \$25,372 levied for fire & EMS services.
 - Reclassification of program receipts – operating grants and contributions – public works (\$3,213) on the Statement of Activities to general receipts – grants and entitlements not restricted to specific programs (\$3,213).
 - Reclassification of program receipts – charges for service – other (\$1,013) on the Statement of Activities to program receipts - operating grants and contributions – public works (\$1,013).
 - Reclassification of program receipts - operating grants and contributions – general government (\$1,073) to general receipts – earnings on investment (\$272) and program receipts - charges for service – general government (\$801).
 - The Gasoline Fund was improperly rolled up into the General Fund for 2017 (for the same reasons noted in 2016 above), therefore adjustments were made to remove this fund and show it on the statements as its own major fund. The following amounts were reduced in the General Fund and added to the Gasoline fund:
 - i. Intergovernmental receipts of \$81,892;
 - ii. Earnings on investments of \$1,013;
 - iii. Public works expenditures of \$64,639;
 - iv. Capital outlay expenditures of \$29,122; and
 - v. Equity in pooled cash and cash equivalents of (\$10,856).
 - As a result of adding the Gasoline fund as a major fund, a budgetary statement is also required. The following amounts were removed from the General fund's original and final budgeted amounts and added to the Gasoline fund's original and final budgeted amounts:

**PIKE TOWNSHIP
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 and 2016
(Continued)**

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

FINDING NUMBER 2017-001 (Continued)

Material Weakness – Financial Reporting (Continued)

- i. Intergovernmental receipts, \$134,075
- ii. Expenditures – general government, \$9,000
- iii. Expenditures – public works, \$88,100
- iv. Expenditures – capital outlays, \$30,500
- v. Other financing uses - \$30,000

The adjustments are reflected in the accompanying financial statements and are posted to the Township’s accounting records.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Township’s Fiscal Officer takes steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and AOS Bulletins. The Fiscal Officer should also review GASB Statements 34 and 54 to ensure the Township is properly applying these standards. Additionally, the Township Board of Trustees should review monthly receipt and expenditure activity reports to help ensure transactions are properly accounted for and classified. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of the financial data throughout the year.

Officials’ Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-002

Material Noncompliance – Negative Fund Balance

Ohio Rev. Code § 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance.

As noted in Finding 2017-001, the Township improperly rolled the Gasoline fund into the General fund. Once the Gasoline fund was properly reclassified, we noted the following negative fund balances:

FUND	MONTH END	FUND BALANCE
100 General Fund	December 2016	(\$16,847)
100 General Fund	December 2017	(\$22,611)

When a fund’s balance is negative, this means that other funds are paying the obligations for the fund with the negative balance, and can result in unallowable spending if the funds’ purposes are not consistent.

**PIKE TOWNSHIP
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 and 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-002 (Continued)

Material Noncompliance – Negative Fund Balance (Continued)

The Township should monitor fund balances to ensure that expenditures are made within appropriated levels of available funds and if negative fund balances are anticipated, the Board should make an approved transfer or advance of funds to cover the necessary expenditure.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-003

Material Noncompliance/Material Weakness – Improper Fund Posting

Ohio Rev. Code § 5705.10(A) states that all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund. Additionally, **Ohio Rev. Code § 5705.10(D)** states, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Due to lack of controls over financial reporting as noted in Finding Number 2017-001, the following posting errors were noted:

- In both 2016 and 2017, the Township posted intergovernmental receipts to the Gasoline fund, which should be posted to the General fund, in the amounts of \$765 and \$1,038, respectively.
- In 2016, the Township posted property tax receipts in the Fire and EMS fund which should be classified as intergovernmental receipts in the Gasoline fund in the amount of \$7,723.
- In 2017, the Township posted intergovernmental receipts to the Motor Vehicle License fund (part of Other Governmental Funds), which should be posted to the General fund in the amount of \$2,175.

Not posting monies specified for a particular purpose to the correct fund can lead to noncompliance, funds being spent for unallowable purposes, and possible negative fund balances.

The Fiscal Officer should be diligent in assuring funds are properly posted to the correct fund in accordance with the Township's Uniform Accounting Network (UAN) coding system and the Ohio Revised Code. The Township should review the Township Handbook and exercise due care when posting transactions to help ensure receipts and expenditures are posted to the correct fund and account. Additionally, the Township Board of Trustees should review monthly receipt and expenditure activity reports to help ensure transactions are properly accounted for and classified. This will help more accurately reflect the Township's financial activity and will aid in more accurate financial reporting.

The adjustments are reflected in the accompanying financial statements and are posted to the Township's accounting records.

Officials' Response: We did not receive a response from Officials to this finding.



Dave Yost • Auditor of State

PIKE TOWNSHIP

MADISON 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
DECEMBER 27, 2018**