



**PIKE TOWNSHIP
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PIKE TOWNSHIP
MADISON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Pike Township
Madison County
3370 Rosedale Road
Irwin, Ohio 43029

To the Board of Trustees:

We have audited the accompanying financial statements of Pike Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

JIM PETRO
Auditor of State

March 22, 2002

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**PIKE TOWNSHIP
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Trust Fund</u>	
Cash Receipts:					
Local Taxes	\$7,695	\$20,742	\$0	\$0	\$28,437
Intergovernmental	27,889	59,884	0	0	87,773
Earnings on Investments	7,448	11,984	0	4	19,436
Other Receipts	3,347	113	0	0	3,460
Total Cash Receipts	<u>46,379</u>	<u>92,723</u>	<u>0</u>	<u>4</u>	<u>139,106</u>
Cash Disbursements:					
Current:					
General Government	25,400	0	0	15	25,415
Public Safety	5,567	15,381	0	0	20,948
Public Works	809	54,363	0	0	55,172
Health	3,570	0	0	0	3,570
Capital Outlay	889	2,835	0	0	3,724
Total Cash Disbursements	<u>36,235</u>	<u>72,579</u>	<u>0</u>	<u>15</u>	<u>108,829</u>
Total Receipts Over/(Under) Disbursements	<u>10,144</u>	<u>20,144</u>	<u>0</u>	<u>(11)</u>	<u>30,277</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	150,000	0	150,000
Transfers-Out	(25,000)	(125,000)	0	0	(150,000)
Total Other Financing Receipts/(Disbursements)	<u>(25,000)</u>	<u>(125,000)</u>	<u>150,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(14,856)</u>	<u>(104,856)</u>	<u>150,000</u>	<u>(11)</u>	<u>30,277</u>
Fund Cash Balances, January 1	<u>101,808</u>	<u>256,431</u>	<u>0</u>	<u>221</u>	<u>358,460</u>
Fund Cash Balances, December 31	<u><u>\$86,952</u></u>	<u><u>\$151,575</u></u>	<u><u>\$150,000</u></u>	<u><u>\$210</u></u>	<u><u>\$388,737</u></u>

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

**PIKE TOWNSHIP
MADISON COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Trust Fund</u>	
Cash Receipts:				
Local Taxes	\$7,433	\$20,306	\$0	\$27,739
Intergovernmental	33,128	50,978	0	84,106
Earnings on Investments	5,822	12,046	6	17,874
Other Receipts	0	2,522	0	2,522
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	46,383	85,852	6	132,241
Cash Disbursements:				
Current:				
General Government	25,258	0	15	25,273
Public Safety	2,540	21,154	0	23,694
Public Works	808	52,935	0	53,743
Health	500	25	0	525
Capital Outlay	3,923	4,503	0	8,426
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	33,029	78,617	15	111,661
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	13,354	7,235	(9)	20,580
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	88,454	249,196	230	337,880
Fund Cash Balances, December 31	<hr/> \$101,808	<hr/> \$256,431	<hr/> \$221	<hr/> \$358,460

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

**PIKE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pike Township, Madison County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Mechanicsburg and the Pleasant Valley Joint Fire District to provide fire services and the Village of Mechanicsburg, to provide ambulance services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

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

**PIKE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Fire and EMS Fund- This fund receives property tax money for the provision of fire protection and emergency medical services.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

Miscellaneous Capital Projects Fund- This fund received revenue from the General and Gas Tax Fund via transfer of funds. This fund was established during 2001 for the purpose of future road improvements, machinery purchases and cemetery land purchases .

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had the following significant fiduciary fund:

Erwin Trust Fund- This fund was established to be used for cemetery maintenance.

E. Budgetary Process

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

1. Appropriations

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

**PIKE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$51,696	\$33,653
Certificates of deposit	0	100,000
Total deposits	51,696	133,653
STAR Ohio	337,041	224,807
Total investments	337,041	224,807
Total deposits and investments	\$388,737	\$358,460

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**PIKE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,837	\$46,379	\$17,542
Special Revenue	87,440	92,723	5,283
Capital Projects	0	150,000	150,000
Fiduciary	8	4	(4)
Total	<u>\$116,285</u>	<u>\$289,106</u>	<u>\$172,821</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,582	\$61,235	\$18,347
Special Revenue	170,865	197,579	(26,714)
Fiduciary	16	15	1
Total	<u>\$250,463</u>	<u>\$258,829</u>	<u>(\$8,366)</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,997	\$46,383	\$18,386
Special Revenue	84,893	85,852	959
Fiduciary	7	6	(1)
Total	<u>\$112,897</u>	<u>\$132,241</u>	<u>\$19,344</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,260	\$33,029	\$48,231
Special Revenue	165,943	78,617	87,326
Fiduciary	16	15	1
Total	<u>\$247,219</u>	<u>\$111,661</u>	<u>\$135,558</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gas Tax fund by \$49,188 for the year ended December 31, 2001.

**PIKE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles

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

Pike Township
Madison County
3370 Rosedale Road
Irwin, Ohio 43029

To the Board of Trustees:

We have audited the accompanying financial statements of Pike Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-40649-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 22, 2002.

Internal Control Over Financial Reporting

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

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

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

JIM PETRO
Auditor of State

March 22, 2002

**PIKE TOWNSHIP
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-40649-001

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the fiscal officer may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Forty-eight percent of the expenditure transactions tested which were subject to prior certification requirements were not certified by the fiscal officer until the time of payment. The fiscal officer did not issue "Then and Now Certificates" for these payments.

We recommend the Clerk certify that funds are available prior to incurring the expenditure or utilize the "Then and Now" certificates.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
MAY 9, 2002**