

PIKE TOWNSHIP
MADISON COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2007 and 2006



Mary Taylor, CPA

Auditor of State

Board of Trustees
Pike Township
3140 Rosedale Road
Irwin, Ohio 43029

We have reviewed the *Independent Auditor's Report* of Pike Township, Madison County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Pike Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 8, 2008

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**Pike Township
Madison County, Ohio**

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Madison County, Ohio**

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INDEPENDENT AUDITOR'S REPORT

Pike Township
Madison County
3370 Rosedale Road
Irwin, Ohio 43029

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pike Township, Madison County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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 Pike Township, Madison County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax , Fire and EMS and Miscellaneous Capital Projects Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 26, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

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Pike Township
Madison County, Ohio
Independent Auditor's Report

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Van Krevel & Company

Van Krevel & Company
Dublin, Ohio

June 26, 2008

**Pike Township
Madison County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)**

Highlights

Key highlights for 2007 are as follows:

During 2007, net assets of governmental activities increased \$34,493 or 19.08 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Special Revenue Funds which realized the lowest burden of increased costs in 2007; however, cost increases affected most funds.

The Township's general receipts are primarily property and income taxes. These receipts represent \$34,004 and 20.61 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2007 were up \$4,576 compared to 2006 as development within the Government has increased. No estate taxes were received in 2007.

The increase in the gas tax in 2007 helped somewhat in the operating expenses.

Key highlights for 2006 are as follows:

During 2006, net assets of governmental activities increased \$17,093, or 10.44 percent, an insignificant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the lowest burden of increased costs in 2006; however, cost increases affected most funds.

The Township's general receipts are primarily property and income taxes. These receipts represent \$29,428 and 19.21 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2006 were down \$1,317 compared to 2005 as development within the Government has slowed.

The increase in the gas tax in 2006 helped somewhat in the operating expenses.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Pike Township
Madison County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statements of net assets and the statements of activities reflect how the Township did financially during 2007 and 2006, within the limitations of the cash basis of accounting. The statements of net assets present the cash balances and investments of the governmental activities of the Township at each year's end. The statements of activities compare cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statements of net assets and the statements of activities, the Township has one type of activity:

Governmental activities. Most of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Government are split into two categories: governmental and fiduciary.

**Pike Township
Madison County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)**

Reporting the Township's Most Significant Funds (continued)

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Fire and EMS, and Miscellaneous Capital Projects Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Government's net assets for 2007, 2006, and 2005, on a cash basis:

(Table 1)
Net Assets

	Governmental Activities			Total		
	2007	2006	2005	2007	2006	2005
Assets						
Cash and Cash Equivalents	\$ 215,301	\$ 180,808	\$ 163,715	\$ 215,301	\$ 180,808	\$ 163,715
Total Assets	<u>\$ 215,301</u>	<u>\$ 180,808</u>	<u>\$ 163,715</u>	<u>\$ 215,301</u>	<u>\$ 180,808</u>	<u>\$ 163,715</u>
Net Assets						
Restricted for:						
Capital Outlay	\$ 77,437	\$ 59,109	\$ 32,187	\$ 77,437	\$ 59,109	\$ 32,187
Other Purposes	77,084	50,028	60,400	77,084	50,028	60,400
Unrestricted	60,780	71,671	71,128	60,780	71,671	71,128
Total Net Assets	<u>\$ 215,301</u>	<u>\$ 180,808</u>	<u>\$ 163,715</u>	<u>\$ 215,301</u>	<u>\$ 180,808</u>	<u>\$ 163,715</u>

As mentioned previously, net assets of governmental activities increased during 2007 and 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Increases in interest rates for Star Ohio have helped affect the net assets.

**Pike Township
Madison County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)**

The Township as a Whole (continued)

Table 2 reflects the changes in net assets in 2007, 2006, and 2005:

(Table 2)

Changes in Net Assets

	Governmental Activities			Totals		
	2007	2006	2005	2007	2006	2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 3,984	\$ 2,910	\$ 1,100	\$ 3,984	\$ 2,910	\$ 1,100
Operating Grants and Contributions	99,161	89,505	-	99,161	89,505	-
Total Program Receipts	<u>103,145</u>	<u>92,415</u>	<u>1,100</u>	<u>103,145</u>	<u>92,415</u>	<u>1,100</u>
General Receipts:						
Property and Other Local Taxes	34,004	29,428	30,745	34,004	29,428	30,745
Grants and Entitlements Not Restricted to Specific Programs	19,383	21,033	102,270	19,383	21,033	102,270
Interest	8,436	7,571	4,922	8,436	7,571	4,922
Miscellaneous	-	2,771	2,894	-	2,771	2,894
Total General Receipts	<u>61,823</u>	<u>60,803</u>	<u>140,831</u>	<u>61,823</u>	<u>60,803</u>	<u>140,831</u>
Total Receipts	<u>164,968</u>	<u>153,218</u>	<u>141,931</u>	<u>164,968</u>	<u>153,218</u>	<u>141,931</u>
Disbursements:						
General Government	54,484	37,382	26,409	54,484	37,382	26,409
Security of Persons and Property	24,318	24,073	23,422	24,318	24,073	23,422
Transportation	42,446	55,066	53,546	42,446	55,066	53,546
Public Health Services	1,538	3,959	2,324	1,538	3,959	2,324
Capital Outlay	7,689	15,846	62,675	7,689	15,846	62,675
Total Disbursements	<u>130,475</u>	<u>136,326</u>	<u>168,376</u>	<u>130,475</u>	<u>136,326</u>	<u>168,376</u>
Excess (Deficiency) Before Other Financing Source (Uses)	34,493	16,892	(26,445)	34,493	16,892	(26,445)
Transfers In / Other	-	201	(3,000)	-	201	(3,000)
Increase (Decrease) in Net Assets	<u>34,493</u>	<u>17,093</u>	<u>(29,445)</u>	<u>34,493</u>	<u>17,093</u>	<u>(29,445)</u>
Net Assets, January 1	180,808	163,715	193,160	180,808	163,715	193,160
Net Assets, December 31	<u>\$ 215,301</u>	<u>\$ 180,808</u>	<u>\$163,715</u>	<u>\$ 215,301</u>	<u>\$ 180,808</u>	<u>#####</u>

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs as much as possible.

**Pike Township
Madison County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)**

The Township as a Whole (continued)

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the cemetery maintenance; and Transportation is the cost of maintaining the roads.

Governmental Activities

General government also represents a significant cost, about 41.76 percent in 2007, 27.42 percent in 2006, and 15.41 percent in 2005.

(Table 3)

Governmental Activities

	Total Cost Of Services		
	2007	2006	2005
General Government	\$ 54,484	\$ 37,382	\$ 26,409
Security of Persons and Property	24,318	24,073	23,422
Transportation	42,446	55,066	53,547
Public Health Services	1,538	3,959	2,324
Other	-	-	3,000
Capital Outlay	7,689	15,846	62,675
Total Expenses	\$ 130,475	\$ 136,326	\$ 171,377

The Township's Funds

During 2007, total governmental funds had receipts of \$164,968 and disbursements of \$130,475. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$10,891 as the result of additional expenses.

During 2006, total governmental funds had receipts of \$153,218 and disbursements of \$136,326. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The excess of receipts over disbursements of the Gasoline Tax Fund was \$27,859.

It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2007 and 2006, including cuts in road repairs and maintenance and other reductions. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**Pike Township
Madison County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)**

General Fund Budgeting Highlights (continued)

During 2007 and 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts were significant.

During 2007, final disbursements were budgeted at \$198,044 while actual disbursements were \$160,474. Although receipts failed to live up to expectations, appropriations were not reduced. The Township kept spending very close to budgeted amounts. The result is the increase in fund balance of \$34,493 for 2007.

During 2006, final disbursements were budgeted at \$182,941 while actual disbursements were \$136,326. Although receipts failed to live up to expectations, appropriations were not reduced. The Township kept spending very close to budgeted amounts. The result is the increase in fund balance of \$17,093 for 2006.

Capital Assets and Debt Administration

Capital Assets

The Government does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2007, the Government's outstanding debt was zero.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limit, and in some cases shrinking funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2008; therefore, the trustees have a strategy to delay the deficit. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We have reduced planned road repairs and maintenance.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lila L. Stewart, Pike Township, Madison County, 3140 Rosedale Road, Irwin, Ohio 43029.

**Pike Township
Madison County, Ohio**

**Statement of Net Assets –Cash Basis
December 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 215,301</u>
<i>Total Assets</i>	<u><u>\$ 215,301</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$ 77,437
Other Purposes	77,084
Unrestricted	<u>60,780</u>
<i>Total Net Assets</i>	<u><u>\$ 215,301</u></u>

**Pike Township
Madison County, Ohio**

**Statement of Activities- Cash Basis
For the Year Ended December 31, 2007**

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
General Government	\$ 54,484	\$ -	\$ -	\$ (54,484)
Public Safety	24,318	-	-	(24,318)
Public Works	42,446	-	99,161	56,715
Health	1,538	3,984	-	2,446
Capital Outlay	7,689	-	-	(7,689)
<i>Total Governmental Activities</i>	\$ 130,475	\$ 3,984	\$ 99,161	(27,330)
 General Receipts				
Property Taxes				34,004
Grants and Entitlements not Restricted to Specific Programs				19,383
Earnings on Investments				8,436
<i>Total General Receipts</i>				61,823
Change in Net Assets				34,493
<i>Net Assets Beginning of Year</i>				180,808
<i>Net Assets End of Year</i>				\$ 215,301

**Pike Township
Madison County, Ohio**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007**

	General	Gasoline Tax Fund	Fire & EMS Fund	Misc Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 5,376	\$ 29,563	\$ 2,314	\$ 20,221	\$ 1,927	\$ 59,401
Investments	55,404	19,469	15,319	57,216	8,492	155,900
<i>Total Assets</i>	<u>\$ 60,780</u>	<u>\$ 49,032</u>	<u>\$ 17,633</u>	<u>\$ 77,437</u>	<u>\$ 10,419</u>	<u>\$ 215,301</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$ 60,780	\$ -	\$ -	\$ -	\$ -	\$ 60,780
Special Revenue Funds	-	49,032	17,633	-	10,419	77,084
Capital Projects Funds	-	-	-	77,437	-	77,437
<i>Total Fund Balances</i>	<u>\$ 60,780</u>	<u>\$ 49,032</u>	<u>\$ 17,633</u>	<u>\$ 77,437</u>	<u>\$ 10,419</u>	<u>\$ 215,301</u>

**Pike Township
Madison County, Ohio**

**Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007**

	General	Gasoline Tax Fund	Fire & EMS Fund	Misc Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 10,044	\$ -	\$ 23,960	\$ -	\$ -	\$ 34,004
Charges for Services	3,984	-	-	-	-	3,984
Intergovernmental	19,383	96,386	-	-	2,775	118,544
Earnings on Investments	6,206	1,821	-	-	409	8,436
<i>Total Receipts</i>	<u>39,617</u>	<u>98,207</u>	<u>23,960</u>	<u>-</u>	<u>3,184</u>	<u>164,968</u>
Disbursements						
Current:						
General Government	47,435	-	-	7,049	-	54,484
Public Safety	-	-	24,318	-	-	24,318
Public Works	886	32,346	-	4,623	4,591	42,446
Health	1,288	-	-	-	250	1,538
Capital Outlay	899	6,765	-	-	25	7,689
<i>Total Disbursements</i>	<u>50,508</u>	<u>39,111</u>	<u>24,318</u>	<u>11,672</u>	<u>4,866</u>	<u>130,475</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,891)</u>	<u>59,096</u>	<u>(358)</u>	<u>(11,672)</u>	<u>(1,682)</u>	<u>34,493</u>
Other Financing Sources (Uses)						
Transfers In	-	-	-	30,000	-	30,000
Transfers Out	-	(30,000)	-	-	-	(30,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>(10,891)</u>	<u>29,096</u>	<u>(358)</u>	<u>18,328</u>	<u>(1,682)</u>	<u>34,493</u>
<i>Fund Balances Beginning of Year</i>	<u>71,671</u>	<u>19,936</u>	<u>17,991</u>	<u>59,109</u>	<u>12,101</u>	<u>180,808</u>
<i>Fund Balances End of Year</i>	<u>\$ 60,780</u>	<u>\$ 49,032</u>	<u>\$ 17,633</u>	<u>\$ 77,437</u>	<u>\$ 10,419</u>	<u>\$ 215,301</u>

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

**Pike Township
Madison County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
General Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 8,166	\$ 8,166	\$ 10,044	\$ 1,878
Charges for Services	-	-	3,984	3,984
Intergovernmental	74,985	74,985	19,383	(55,602)
Earnings on Investments	3,053	3,053	6,206	3,153
<i>Total receipts</i>	<u>86,204</u>	<u>86,204</u>	<u>39,617</u>	<u>(46,587)</u>
Disbursements				
Current:				
General Government	37,350	24,670	47,435	(22,765)
Public Safety	3,090	3,090	-	3,090
Public Works	1,030	1,030	886	144
Health	8,178	8,178	1,288	6,890
Capital Outlay	3,000	3,000	899	2,101
<i>Total Disbursements</i>	<u>52,648</u>	<u>39,968</u>	<u>50,508</u>	<u>(10,540)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>33,556</u>	<u>46,236</u>	<u>(10,891)</u>	<u>(57,127)</u>
Other Financing Uses				
Other Financing Uses	(3,000)	(3,000)	-	3,000
<i>Total Other Financing Sources (Uses)</i>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>
<i>Net Change in Fund Balance</i>	30,556	43,236	(10,891)	(54,127)
<i>Fund Balance Beginning of Year</i>	71,671	71,671	71,671	-
<i>Fund Balance End of Year</i>	<u>\$ 102,227</u>	<u>\$ 114,907</u>	<u>\$ 60,780</u>	<u>\$ (54,127)</u>

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

**Pike Township
Madison County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 73,212	\$ 69,915	\$ 96,386	\$ 26,471
Earnings on Investments	6,310	6,310	1,821	(4,489)
<i>Total receipts</i>	<u>79,522</u>	<u>76,225</u>	<u>98,207</u>	<u>21,982</u>
Disbursements				
Current:				
Public Works	57,100	57,100	32,346	24,754
Capital Outlay	8,000	8,000	6,765	1,235
<i>Total Disbursements</i>	<u>65,100</u>	<u>65,100</u>	<u>39,111</u>	<u>25,989</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,422</u>	<u>11,125</u>	<u>59,096</u>	<u>47,971</u>
Other Financing Sources (Uses)				
Transfer Out	-	(30,000)	(30,000)	-
Advances In	1,091	1,091	-	(1,091)
<i>Total Other Financing Sources (Uses)</i>	<u>1,091</u>	<u>(28,909)</u>	<u>(30,000)</u>	<u>(1,091)</u>
<i>Net Change in Fund Balance</i>	15,513	(17,784)	29,096	46,880
<i>Fund Balance Beginning of Year</i>	<u>19,936</u>	<u>19,936</u>	<u>19,936</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 35,449</u></u>	<u><u>\$ 2,152</u></u>	<u><u>\$ 49,032</u></u>	<u><u>\$ 46,880</u></u>

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

**Pike Township
Madison County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Fire and EMS Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 21,995	\$ 21,995	\$ 23,960	\$ 1,965
Intergovernmental	2,570	2,570	-	(2,570)
<i>Total receipts</i>	<u>24,565</u>	<u>24,565</u>	<u>23,960</u>	<u>(605)</u>
Disbursements				
Current:				
Public Safety	26,500	26,500	24,318	2,182
<i>Total Disbursements</i>	<u>26,500</u>	<u>26,500</u>	<u>24,318</u>	<u>2,182</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,935)</u>	<u>(1,935)</u>	<u>(358)</u>	<u>1,577</u>
<i>Fund Balance Beginning of Year</i>	<u>17,991</u>	<u>17,991</u>	<u>17,991</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 16,056</u></u>	<u><u>\$ 16,056</u></u>	<u><u>\$ 17,633</u></u>	<u><u>\$ 1,577</u></u>

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

**Pike Township
Madison County, Ohio**

**Statement of Receipts Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Miscellaneous Capital Projects Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Earnings on Investments	\$ 7,320	\$ 7,320	\$ -	\$ (7,320)
<i>Total receipts</i>	<u>7,320</u>	<u>7,320</u>	<u>-</u>	<u>(7,320)</u>
Disbursements				
Current:				
General Government	-	-	7,049	(7,049)
Public Works	-	-	4,623	(4,623)
Human Services	22,000	22,000	-	22,000
<i>Total Disbursements</i>	<u>22,000</u>	<u>22,000</u>	<u>11,672</u>	<u>10,328</u>
Other Financing Sources (Uses)				
Transfer In	-	30,000	30,000	-
<i>Total Other Financing Sources (Uses)</i>	-	30,000	30,000	-
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,680)</u>	<u>15,320</u>	<u>18,328</u>	<u>(17,648)</u>
<i>Fund Balance Beginning of Year</i>	<u>59,109</u>	<u>59,109</u>	<u>59,109</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 44,429</u>	<u>\$ 74,429</u>	<u>\$ 77,437</u>	<u>\$ (17,648)</u>

**Pike Township
Madison County, Ohio**

**Statement of Net Assets –Cash Basis
December 31, 2006**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 180,808</u>
<i>Total Assets</i>	<u><u>\$ 180,808</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$ 59,109
Other Purposes	50,028
Unrestricted	<u>71,671</u>
<i>Total Net Assets</i>	<u><u>\$ 180,808</u></u>

**Pike Township
Madison County, Ohio**

**Statement of Activities- Cash Basis
For the Year Ended December 31, 2006**

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash	Charges	Operating	
	Disbursements	for Services and Sales	Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 37,382	\$ -	\$ -	\$ (37,382)
Public Safety	24,073	-	-	(24,073)
Public Works	55,066	-	89,505	34,439
Health	3,959	2,910	-	(1,049)
Capital Outlay	15,846	-	-	(15,846)
	<u>\$ 136,326</u>	<u>\$ 2,910</u>	<u>\$ 89,505</u>	<u>(43,911)</u>
<i>Total Governmental Activities</i>				
General Receipts				
Property Taxes				29,428
Grants and Entitlements not Restricted to Specific Programs				21,033
Earnings on Investments				7,571
Miscellaneous				2,771
				<u>60,803</u>
<i>Total General Receipts</i>				
Transfers In				201
				<u>201</u>
<i>Total General Receipts and Transfers</i>				
Change in Net Assets				17,093
<i>Net Assets Beginning of Year</i>				<u>163,715</u>
<i>Net Assets End of Year</i>				<u>\$ 180,808</u>

**Pike Township
Madison County, Ohio**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006**

	General	Gasoline Tax Fund	Fire & EMS Fund	Misc Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 71,671	\$ 19,936	\$ 17,991	\$ 59,109	\$ 12,101	\$ 180,808
<i>Total Assets</i>	<u>\$ 71,671</u>	<u>\$ 19,936</u>	<u>\$ 17,991</u>	<u>\$ 59,109</u>	<u>\$ 12,101</u>	<u>\$ 180,808</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$ 71,671	\$ -	\$ -	\$ -	\$ -	\$ 71,671
Special Revenue Funds	-	19,936	17,991	-	12,101	50,028
Capital Projects Funds	-	-	-	59,109	-	59,109
<i>Total Fund Balances</i>	<u>\$ 71,671</u>	<u>\$ 19,936</u>	<u>\$ 17,991</u>	<u>\$ 59,109</u>	<u>\$ 12,101</u>	<u>\$ 180,808</u>

**Pike Township
Madison County, Ohio**

**Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006**

	General	Gasoline Tax Fund	Fire & EMS Fund	Misc Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 7,610	\$ -	\$ 21,818	\$ -	\$ -	\$ 29,428
Charges for Services	2,910	-	-	-	-	2,910
Intergovernmental	21,033	85,568	1,314	-	2,623	110,538
Earnings on Investments	5,328	1,553	-	-	690	7,571
Miscellaneous	2,771	-	-	-	-	2,771
<i>Total Receipts</i>	<u>39,652</u>	<u>87,121</u>	<u>23,132</u>	<u>-</u>	<u>3,313</u>	<u>153,218</u>
Disbursements						
Current:						
General Government	33,382	-	-	-	4,000	37,382
Public Safety	-	-	24,073	-	-	24,073
Public Works	-	49,762	-	-	5,304	55,066
Health	2,759	-	-	1,200	-	3,959
Capital Outlay	2,968	9,500	-	3,378	-	15,846
<i>Total Disbursements</i>	<u>39,109</u>	<u>59,262</u>	<u>24,073</u>	<u>4,578</u>	<u>9,304</u>	<u>136,326</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>543</u>	<u>27,859</u>	<u>(941)</u>	<u>(4,578)</u>	<u>(5,991)</u>	<u>16,892</u>
Other Financing Sources (Uses)						
Transfers In	-	-	-	31,500	201	31,701
Transfers Out	-	(31,500)	-	-	-	(31,500)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(31,500)</u>	<u>-</u>	<u>31,500</u>	<u>201</u>	<u>201</u>
<i>Net Change in Fund Balances</i>	543	(3,641)	(941)	26,922	(5,790)	17,093
<i>Fund Balances Beginning of Year</i>	<u>71,128</u>	<u>23,577</u>	<u>18,932</u>	<u>32,187</u>	<u>17,891</u>	<u>163,715</u>
<i>Fund Balances End of Year</i>	<u>\$ 71,671</u>	<u>\$ 19,936</u>	<u>\$ 17,991</u>	<u>\$ 59,109</u>	<u>\$ 12,101</u>	<u>\$ 180,808</u>

**Pike Township
Madison County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
General Fund
For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 8,166	\$ 8,166	\$ 7,610	\$ (556)
Charges for Services	-	-	2,910	2,910
Intergovernmental	74,985	74,985	21,033	(53,952)
Earnings on Investments	3,053	3,053	5,328	2,275
Miscellaneous	-	-	2,771	2,771
<i>Total receipts</i>	<u>86,204</u>	<u>86,204</u>	<u>39,652</u>	<u>(46,552)</u>
Disbursements				
Current:				
General Government	36,701	36,701	33,382	3,319
Public Safety	3,090	3,090	-	3,090
Public Works	1,030	1,030	-	1,030
Health	8,108	8,108	2,759	5,349
Capital Outlay	3,000	3,000	2,968	32
<i>Total Disbursements</i>	<u>51,929</u>	<u>51,929</u>	<u>39,109</u>	<u>12,820</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>34,275</u>	<u>34,275</u>	<u>543</u>	<u>(33,732)</u>
Other Financing Sources (Uses)				
Other Financing Uses	(3,000)	(3,000)	-	3,000
<i>Total Other Financing Sources (Uses)</i>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>
<i>Net Change in Fund Balance</i>	31,275	31,275	543	(30,732)
<i>Fund Balance Beginning of Year</i>	<u>71,128</u>	<u>71,128</u>	<u>71,128</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 102,403</u>	<u>\$ 102,403</u>	<u>\$ 71,671</u>	<u>\$ (30,732)</u>

**Pike Township
Madison County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Intergovernmental	\$ 58,326	\$ 58,326	\$ 85,568	\$ 27,242
Earnings on Investments	6,310	6,310	1,553	(4,757)
<i>Total receipts</i>	<u>64,636</u>	<u>64,636</u>	<u>87,121</u>	<u>22,485</u>
Disbursements				
Current:				
Public Works	57,100	57,100	49,762	7,338
Capital Outlay	8,000	8,000	9,500	(1,500)
<i>Total Disbursements</i>	<u>65,100</u>	<u>65,100</u>	<u>59,262</u>	<u>5,838</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(464)</u>	<u>(464)</u>	<u>27,859</u>	<u>28,323</u>
Other Financing Sources (Uses)				
Transfer Out	-	-	(31,500)	(31,500)
Advances In	1,091	1,091	-	(1,091)
<i>Total Other Financing Sources (Uses)</i>	<u>1,091</u>	<u>1,091</u>	<u>(31,500)</u>	<u>(32,591)</u>
<i>Net Change in Fund Balance</i>	627	627	(3,641)	(4,268)
<i>Fund Balance Beginning of Year</i>	<u>23,577</u>	<u>23,577</u>	<u>23,577</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 24,204</u>	<u>\$ 24,204</u>	<u>\$ 19,936</u>	<u>\$ (4,268)</u>

**Pike Township
Madison County, Ohio**

**Statement of Receipts Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Fire and EMS Fund
For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 21,994	\$ 21,994	\$ 21,818	\$ (176)
Intergovernmental	2,570	2,570	1,314	(1,256)
<i>Total receipts</i>	<u>24,564</u>	<u>24,564</u>	<u>23,132</u>	<u>(1,432)</u>
Disbursements				
Current:				
Public Safety	26,421	26,421	24,073	2,348
<i>Total Disbursements</i>	<u>26,421</u>	<u>26,421</u>	<u>24,073</u>	<u>2,348</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,857)</u>	<u>(1,857)</u>	<u>(941)</u>	<u>916</u>
<i>Fund Balance Beginning of Year</i>	<u>18,932</u>	<u>18,932</u>	<u>18,932</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 17,075</u></u>	<u><u>\$ 17,075</u></u>	<u><u>\$ 17,991</u></u>	<u><u>\$ 916</u></u>

**Pike Township
Madison County, Ohio**

**Statement of Receipts Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Miscellaneous Capital Projects Fund
For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Earnings on Investments	\$ 7,320	\$ 7,320	\$ -	\$ (7,320)
<i>Total receipts</i>	<u>7,320</u>	<u>7,320</u>	<u>-</u>	<u>(7,320)</u>
Disbursements				
Current:				
Human Services	22,000	22,000	-	22,000
Health	-	-	1,200	(1,200)
Capital Outlay	<u>-</u>	<u>-</u>	<u>3,378</u>	<u>(3,378)</u>
<i>Total Disbursements</i>	<u>22,000</u>	<u>22,000</u>	<u>4,578</u>	<u>17,422</u>
Other Financing Sources (Uses)				
Transfer In	<u>-</u>	<u>-</u>	<u>31,500</u>	<u>(31,500)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>31,500</u>	<u>(31,500)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,680)</u>	<u>(14,680)</u>	<u>26,922</u>	<u>(56,242)</u>
<i>Fund Balance Beginning of Year</i>	<u>32,187</u>	<u>32,187</u>	<u>32,187</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 17,507</u></u>	<u><u>\$ 17,507</u></u>	<u><u>\$ 59,109</u></u>	<u><u>\$ (56,242)</u></u>

**Pike Township
Madison County, Ohio**

**Statement of Fiduciary Net Assets –Cash Basis
Fiduciary Funds
December 31, 2006**

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ -
<i>Total Assets</i>	<u>\$ -</u>
Net Assets	
Held in Trust for Cemetery Maintenance	<u>\$ -</u>

**Pike Township
Madison County, Ohio**

**Statement of Changes in Fiduciary Net Assets –Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2006**

	<u>Private Purpose Trust</u>
Additions	
Interest	<u>\$ 1</u>
<i>Total Additions</i>	<u>1</u>
Deductions	
Transfers Out	<u>201</u>
<i>Total Deductions</i>	<u>201</u>
Change in Net Assets	(200)
Net Assets - Beginning of Year	<u>200</u>
Net Assets - End of Year	<u>\$ -</u>

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 1 REPORTING ENTITY

Pike Township, Madison County, Ohio (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 also has an elected Township Fiscal Officer. The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Pleasant Valley Joint Fire District and the Village of Mechanicsburg to provide fire services and the Village of Mechanicsburg to provide ambulance services. Police protection is provided by Madison County Sheriff.

B Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Pike Township does not have any component units.

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 Note 2C, 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. Following are the more significant of the Township's accounting policies:

A Basis of Presentation

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

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Wide Financial Statements

The statements of net assets and the statements of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statements of net assets present the cash and investment balances of the governmental activities of the Township at year end. The statements of activities compare 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. 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 activity 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. Non major funds are aggregated and presented in a single column.

B 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 and a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other non exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Fire and EMS Fund and Miscellaneous Capital Projects Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended according to the general laws of Ohio. The Gasoline Tax Fund is used to account for monies received from road use taxes and is available for constructing, maintaining, and repairing Township roads. The Fire and EMS Fund is used to account for tax monies for the purpose of maintaining repairing and improving the fire house and its contents, fire equipment, and all related services. The Miscellaneous Capital Projects Fund is used to account for revenue from the General and Gasoline Tax Funds via transfers of funds for the purpose of road improvements, machinery purchases, and cemetery land purchases.

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary Funds (Trust Funds)

Fiduciary funds include private purpose trust funds and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The township had the following Fiduciary fund:

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

During 2006, the Township received approval to liquidate the trust fund and use the proceeds for repair work on the Erwin family plot in Guy Cemetery.

C 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.

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.

D 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 ordinance, 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 ordinance 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 estimates 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.

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Budgetary Process (continued)

The appropriations ordinance 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 ordinance for that fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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."

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 negative receipts, respectively.

During 2007 and 2006, the Township invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31.

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 2007 and 2006 were \$6,206 and \$5,328, respectively.

F Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent \$154,521 of net assets at December 31, 2007.

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G 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.

H 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.

I 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.

J 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 9 and 10, the employer contributions include portions for pension benefits and post retirement health care benefits.

K Net Assets

Net assets are 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 assets restricted for other purposes include resources restricted for maintaining and repairing Township roads, cemetery maintenance and providing fire protection and emergency medical services. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

L Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

M Fund Balance Reserve

The Township reserves any portion of fund balances which is not available or which is legally segregated for a specific future use. The Statement of Cash Basis Assets and Fund Balances reports no reserve for encumbrances for the Township for 2007 or 2006. Unreserved fund balance indicates that portion of the fund balance which is available for appropriation in future periods.

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 3 ACCOUNTABILITY AND COMPLIANCE

During 2007, the Township reduced General Government appropriations in the General Fund from \$37,350 to \$24,670, which caused the expenditures to exceed appropriations by \$22,765. The Township should have increased appropriations and certified them with the County Budget Commission.

During 2006, the Township transferred \$31,500 from the Gasoline Tax Fund to the Miscellaneous Capital Projects Fund. The Township should have certified a budgeted increase in revenues and appropriations within the Gasoline Tax Fund and certified a budgeted increase in revenues within the Miscellaneous Capital Projects Fund with the County Budget Commission.

NOTE 4 BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual - Budgetary Basis that are presented for the General, Gasoline Tax, Fire and EMS, and Miscellaneous Capital Projects Funds were prepared on the budgetary basis to provide meaningful comparison of actual results with the budget.

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 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 6 DEPOSITS AND INVESTMENTS (continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

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.

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007 and 2006, the Township had the following investments:

	2007 Carrying Value	2006 Carrying Value	Maturity
STAR Ohio	\$ 155,900	\$ 148,245	Average
Total Portfolio	\$ 155,900	\$ 148,245	Average

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 6 DEPOSITS AND INVESTMENTS (continued)

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

NOTE 7 PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes, respectively. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Public utility real and tangible property taxes received in 2007 become a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 7 PROPERTY TAXES

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$3.58 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

	2007	2006
Real Property		
Residential	\$ 4,700,260	\$ 4,546,270
Agricultural	3,865,330	3,929,740
Commercial/Industrial/Mineral	136,390	136,390
Tangible Personal Property		
Business	85,730	73,800
Public Utility	569,780	637,430
Total Assessed Value	\$ 9,357,490	\$ 9,323,630

NOTE 8 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 8 RISK MANAGEMENT (continued)

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2006 and 2005 (the latest information available):

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$ 9,334,254</u>	<u>\$7,771,765</u>

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 8 RISK MANAGEMENT (continued)

Financial Position (continued)

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,968. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA the expected rates charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2007	\$ 3,484
2006	4,109
2005	4,185

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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.

NOTE 9 DEFINED BENEFIT PENSION PLAN

A Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 9 DEFINED BENEFIT PENSION PLAN (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and 2006, the members of all three plans were required to contribute 9.5 and 9.0 percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85 and 13.70 percent, respectively.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$6,373, \$6,705, and \$6,212 respectively. The full amount has been contributed for 2007, 2006 and 2005.

NOTE 10 POSTEMPLOYMENT BENEFITS

A Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$6,373. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18 billion, respectively.

**Pike Township
Madison County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 10 POST EMPLOYMENT BENEFITS (continued)

A Ohio Public Employees Retirement System (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

NOTE 11 INTERFUND TRANSFERS

During 2007, the following transfers were made:

Transfers from the Gasoline Tax Fund to:	
Miscellaneous Capital Projects Fund	<u>\$ 30,000</u>
Total Transfers from the Gasoline Tax Fund	<u><u>\$ 30,000</u></u>

During 2006, the following transfers were made:

Transfers from the Gasoline Tax Fund to:	
Miscellaneous Capital Projects Fund	<u>\$ 31,500</u>
Total Transfers from the Gasoline Tax Fund	<u><u>\$ 31,500</u></u>

Transfers from the Erwin Trust Fund to:	
Other Governmental Funds	<u>\$ 201</u>
Total Transfers from the Erwin Trust Fund	<u><u>\$ 201</u></u>

Transfers represent the allocation of Gasoline Tax monies collected in the Gasoline Tax Fund transferred to finance the future purchases of a new snow plow truck and road paving.

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

Pike Township
Madison County
3370 Rosedale Road
Irwin, Ohio 43029

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 26, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purposed described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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Internal Control Over Financial Reporting (continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are a material weakness.


Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated June 26, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, and board of trustees. We intend it for no one other than these specified parties.



Van Krevel & Company
Dublin, Ohio

June 26, 2008

**Pike Township
Madison County, Ohio**

**Schedule of Findings
December 31, 2007 and 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Monitoring of Financial Activity

Inaccurate posting of transactions impedes the ability of the Trustees to accurately assess the financial status of the Township. We noted examples such as the following during our audit:

General Fund

- In 2007 and 2006, official insurance reimbursement expenses of \$3,000 were classified as Health, rather than General Government.
- In 2006, UAN fees in the amount of \$1,030 were classified as Public Works, rather than General Government.
- In 2006, Miscellaneous Receipts in the amounts of \$2,771 were classified as Charges for Services rather than Miscellaneous.
- In 2006, an estate tax was refunded to the County in the amount of \$7,861. The refund was recorded in the same year as expenditures under General Government, Public Safety, Health, and Other Financing Uses rather than posting the refund to the receipt account where the original amount was received.

Gasoline Tax Fund

- In 2006, the purchase of a mower and tractor in the amount of \$2,000 was recorded to Public Works rather than Capital Outlay.

Miscellaneous Capital Projects Fund

- In 2007, road repair expenses in the amount of \$4,623 were classified as Human Services, rather than Public Works.
- In 2007, repairs expense for the Township building in the amount of \$7,049 were classified as Human Services, rather than General Government.
- In 2006, memorial expense for the cemetery in the amount of \$1,200 was classified as Human Services, rather than Health.
- In 2006, the purchase of a mower and tractor in the amount of \$3,378 was recorded to Human Services rather than Capital Outlay.

Other Governmental Funds

- In 2006, official insurance reimbursement expense of \$4,000 was classified as Public Works, rather than General Government.

Adjustments were made in the audited financial statements to correct these inaccurate postings.

We recommend that the Fiscal Officer post all transactions in accordance with the guidance established by the Ohio Township Handbook issued by the Auditor of State and the Uniform Accounting Network – Accounting Manual Appendix A Township Chart of Accounts. Further, the Township should adopt policies and procedures including a final review of the financial statements by the Fiscal Officer and Trustees to ensure that errors and omissions are detected and corrected.

**Pike Township
Madison County, Ohio**

**Schedule of Findings
December 31, 2007 and 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001 (continued)

Monitoring of Financial Activity (continued)

Officials Response:

General Fund: I will change the insurance reimbursement expenses in the future to be classified as Health, rather than General Government. I will change the UAN fees to be classified as General Government. I will change the Miscellaneous Receipts to be classified as Miscellaneous. In 2006, an estate tax was refunded to the County in the amount of \$7,861. The refund was expensed to several accounts rather than voiding the receipt. I have to issue a refund. In the future, when both transactions occur during the same year, the refund will be posted to the receipt account where the original amount was received.

Gas Tax Fund: I will change the purchase of equipment to Capital Outlay.

Miscellaneous Capital Fund: I will change the road repair services to Public Works. I will change repairs expense for the township building to General Government. I will change memorial expense for the cemetery to Health. I will change equipment purchases to Capital Outlay.

Other Government Funds: I will change insurance reimbursement expense to General Government.

FINDING NUMBER 2007-002

Posting Estimated Revenues and Appropriations

The Township did not have a control procedure in place to ensure that estimated receipts and appropriations, as authorized by the Board of Trustees and certified by the County Budget Commission, were reconciled to the estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system; and information available to the Board of Trustees to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity schedules in order to accurately present estimated receipts and appropriations as certified by the County Budget Commission.

We recommend the Township officials and fiscal officer periodically reconcile budgetary amounts posted to the accounting system with amounts certified by the County Budget Commission.

Officials Response: In the future, I will present to the trustees a report of estimated revenues and appropriations periodically, so that the trustees can monitor the estimated revenues and appropriations.



Mary Taylor, CPA
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
SEPTEMBER 18, 2008**