



**PEE PEE TOWNSHIP  
PIKE COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



PEE PEE TOWNSHIP  
PIKE COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Pee Pee Township  
Pike County  
3670 State Route 220  
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the accompanying financial statements of Pee Pee Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the 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 Pee Pee Township, Pike County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees 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

June 18, 2001

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**PEE PEE TOWNSHIP  
PIKE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$38,066	\$131,779	\$169,845
Intergovernmental	48,372	67,910	116,282
Interest	2,549	5,098	7,647
Other Revenue	137	778	915
	<u>89,124</u>	<u>205,565</u>	<u>294,689</u>
<b>Total Cash Receipts</b>			
	<u>89,124</u>	<u>205,565</u>	<u>294,689</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	40,821		40,821
Public Works		73,119	73,119
Health		71,468	71,468
Miscellaneous	15,477	24,564	40,041
Capital Outlay		123,938	123,938
	<u>56,298</u>	<u>293,089</u>	<u>349,387</u>
<b>Total Cash Disbursements</b>			
	<u>56,298</u>	<u>293,089</u>	<u>349,387</u>
<b>Total Cash Receipts Over(Under) Cash Disbursements</b>	<u>32,826</u>	<u>(87,524)</u>	<u>(54,698)</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes		90,000	90,000
	<u>0</u>	<u>90,000</u>	<u>90,000</u>
<b>Total Other Financing Sources (Uses)</b>			
	<u>0</u>	<u>90,000</u>	<u>90,000</u>
<b>Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses</b>	<u>32,826</u>	<u>2,476</u>	<u>35,302</u>
<b>Fund Cash Balances, January 1</b>	<u>113,859</u>	<u>139,416</u>	<u>253,275</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$146,685</u></u>	<u><u>\$141,892</u></u>	<u><u>\$288,577</u></u>

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

PEE PEE TOWNSHIP  
PIKE COUNTY

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$46,182	\$157,209	\$203,391
Intergovernmental	27,619	71,708	99,327
Interest	1,818	3,636	5,454
Other Revenue	216		216
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	75,835	232,553	308,388
<b>Cash Disbursements:</b>			
Current:			
General Government	36,620	279	36,899
Public Works		134,974	134,974
Health		69,445	69,445
Miscellaneous	13,580	24,864	38,444
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	50,200	229,562	279,762
Total Cash Receipts Over (Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	25,635	2,991	28,626
<b>Other Financing Sources (Uses):</b>			
Sale of Assets		8,625	8,625
Other Financing Sources		4,282	4,282
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	0	12,907	12,907
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	<hr/>	<hr/>	<hr/>
	25,635	15,898	41,533
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	88,224	123,518	211,742
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<b>\$113,859</b>	<b>\$139,416</b>	<b>\$253,275</b>

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



**PEE PEE TOWNSHIP  
PIKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Pee Pee Township, Pike 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 and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, emergency medical services, and fire protection.

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.

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

**C. Cash and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

Gasoline Tax Fund - This fund received gasoline tax monies to construct, maintain and repair Township roadways.

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

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

**PEE PEE TOWNSHIP  
PIKE COUNTY**

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

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not encumber funds as required.

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

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

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

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

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$188,577	\$178,275
Certificates of deposit	<u>100,000</u>	<u>75,000</u>
Total	<u>\$288,577</u>	<u>\$253,275</u>

**PEE PEE TOWNSHIP  
PIKE COUNTY**

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

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

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 2000, \$47,416 of deposits were not insured or collateralized, and at December 31, 1999, \$86,586 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 65,522	\$ 89,124	\$ 23,602
Special Revenue	186,127	295,565	109,438
Total	\$ 251,649	\$ 384,689	\$ 133,040

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 64,609	\$ 56,298	\$ 8,311
Special Revenue	294,900	293,089	1,811
Total	\$ 359,509	\$ 349,387	\$ 10,122

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 42,738	\$ 75,835	\$ 33,097
Special Revenue	113,800	245,460	131,660
Total	\$ 156,538	\$ 321,295	\$ 164,757

**PEE PEE TOWNSHIP  
PIKE COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 61,096	\$ 50,200	\$ 10,896
Special Revenue	250,500	229,562	20,938
Total	\$ 311,596	\$ 279,762	\$ 31,834

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located in the Township.

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

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	\$90,000	5.00%

The note was issued to finance the purchase of a fire truck to be used for Township fire protection. The note is collateralized by the Township's taxing authority.

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

Year ending December 31:	General Obligation Notes
2000	\$94,500

**PEE PEE TOWNSHIP  
PIKE COUNTY**

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

**6. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, 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. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

The Township also provides health insurance coverage to full-time employees and elected officials through a private carrier.

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

Pee Pee Township  
Pike County  
3670 State Route 220  
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the accompanying financial statements of Pee Pee Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 18, 2001. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-40766-001 and 2000-40766-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 18, 2001.

**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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 18, 2001.

This report is intended for the information and use of 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

June 18, 2001

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**PEE PEE TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-40766-001**

Ohio Rev. Code Section 5705.41(D), states that no orders or contracts involving the disbursement of monies are to be made unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificates - This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 for townships, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Township Clerk did not certify funds as available prior to making purchase commitments or use "then and now" certificates.

We recommend that either the Clerk utilize the "then and now" certifications and have payments over \$1,000 approved by individual resolutions of the Board of Trustees, within 30 days from the receipt of such certification or that the Clerk certify that unencumbered funds are available prior to making the commitment.

**FINDING NUMBER 2000-40766-002**

Ohio Rev. Code Section 135.18 states that the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

The depository provided security, but it was not sufficient to cover all monies deposited.

The Township had deposits of \$297,416 at December 31, 2000, and the amount of security was \$250,000 and at December 31, 1999, the Township had deposits of \$261,586 and the amount of security was \$175,000.

We recommend that the Clerk contact the bank and secure enough collateral to cover all deposits.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**PEE PEE TOWNSHIP**

**PIKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 2, 2001**