



Mary Taylor, CPA
Auditor of State

PEE PEE TOWNSHIP
PIKE COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 24, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of September 24, 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Pee Pee Township, Pike County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 24, 2007

**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, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$49,008	\$171,233	\$220,241
Intergovernmental	33,299	124,565	157,864
Licenses, Permits, and Fees	2,919		2,919
Other Revenue	792	1,584	2,376
	<u>86,018</u>	<u>297,382</u>	<u>383,400</u>
Total Cash Receipts			
	<u>86,018</u>	<u>297,382</u>	<u>383,400</u>
Cash Disbursements:			
Current:			
General Government	97,154		97,154
Public Safety		34,694	34,694
Public Works		70,088	70,088
Health	717	119,498	120,215
Capital Outlay		309,780	309,780
	<u>97,871</u>	<u>534,060</u>	<u>631,931</u>
Total Cash Disbursements			
	<u>97,871</u>	<u>534,060</u>	<u>631,931</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(11,853)</u>	<u>(236,678)</u>	<u>(248,531)</u>
Other Financing Receipts and (Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes		149,810	149,810
Transfers-In		55,000	55,000
Transfers-Out	(55,000)		(55,000)
	<u>(55,000)</u>	<u>204,810</u>	<u>149,810</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(55,000)</u>	<u>204,810</u>	<u>149,810</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(66,853)</u>	<u>(31,868)</u>	<u>(98,721)</u>
Fund Cash Balances, January 1	<u>153,575</u>	<u>194,918</u>	<u>348,493</u>
Fund Cash Balances, December 31	<u><u>\$86,722</u></u>	<u><u>\$163,050</u></u>	<u><u>\$249,772</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, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$42,473	\$194,791	\$237,264
Intergovernmental	66,602	108,194	174,796
Licenses, Permits, and Fees	1,310		1,310
Other Revenue	1,169	2,340	3,509
	<u>111,554</u>	<u>305,325</u>	<u>416,879</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	84,919		84,919
Public Safety	227	25,536	25,763
Public Works		92,904	92,904
Health	759	142,590	143,349
Capital Outlay	30,331	48,222	78,553
	<u>116,236</u>	<u>309,252</u>	<u>425,488</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,682)</u>	<u>(3,927)</u>	<u>(8,609)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		35,000	35,000
Transfers-Out	<u>(35,000)</u>		<u>(35,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(35,000)</u>	<u>35,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(39,682)	31,073	(8,609)
Fund Cash Balances, January 1	<u>193,257</u>	<u>163,845</u>	<u>357,102</u>
Fund Cash Balances, December 31	<u>\$153,575</u>	<u>\$194,918</u>	<u>\$348,493</u>

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, 2006 AND 2005**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pee Pee Township, Pike County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the City of Waverly to provide fire services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

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

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Cash and Investments

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

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. Equity in Pooled Cash and Investments (Continued)

	2006	2005
Demand deposits	\$174,772	\$248,493
Certificates of deposit	75,000	100,000
Total deposits	\$249,772	\$348,493

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation and some deposits are collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 2006, \$40,351 of deposits were not insured or collateralized, contrary to Ohio law, and at December 31, 2005, \$207,450 of deposits were not insured or collateralized, contrary to Ohio law.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,312	\$86,018	(\$24,294)
Special Revenue	258,800	502,192	243,392
Total	\$369,112	\$588,210	\$219,098

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$162,088	\$152,871	\$9,217
Special Revenue	454,000	534,060	(80,060)
Total	\$616,088	\$686,931	(\$70,843)

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,451	\$111,554	\$19,103
Special Revenue	227,723	340,325	112,602
Total	\$320,174	\$451,879	\$131,705

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,723	\$151,236	(\$24,513)
Special Revenue	467,250	309,252	157,998
Total	\$593,973	\$460,488	\$133,485

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, disbursements exceeded appropriation authority in the Fire Fund by \$108,793 for the year ended December 31, 2006, and in the General Fund by \$24,513, for the year ended December 31, 2005. Also Contrary to Ohio law, budgetary appropriations exceeded estimated resources in the Gasoline Tax Fund by \$24,511, and in the Cemetery Fund by \$31,000 for the year ended December 31, 2006, and in the Motor Vehicle License Fund by \$5,568, in the Gasoline Tax Fund by \$44,041, and in the Cemetery Fund by \$34,991 for the year ended December 31, 2005 .

4. Property Tax

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

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

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

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

5. Debt

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	<u>\$149,810</u>	3.76%
Total	<u><u>\$149,810</u></u>	

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

**PEE PEE TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. Debt (Continued)

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2007	\$33,420
2008	33,420
2009	33,420
2010	33,420
2011	<u>33,420</u>
Total	<u><u>\$167,100</u></u>

6. Retirement System

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of Pee Pee Township, Pike County, Ohio (the Township), as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated September 24, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for 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 purpose 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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: 2006-001 through 2006-004.

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.

Our consideration of the 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 material weaknesses.

We also noted a certain internal control matters that we reported to the Township's management in a separate letter dated September 24, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2006-001 through 2006-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 24, 2007.

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



Mary Taylor, CPA
Auditor of State

September 24, 2007

PEE PEE TOWNSHIP
PIKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

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

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

2. Blanket Certificate – Fiscal officers may prepare so-called "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

The Fiscal Officer did not certify the availability of funds prior to making commitments for 100% of the disbursements tested for 2005 and 2006. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**PEE PEE TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

FINDING NUMBER 2006-001 (Continued)

Noncompliance Citation/Significant Deficiency - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

FINDING NUMBER 2006-002

Noncompliance Citation/Significant Deficiency

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

Appropriations exceeded estimated resources at December 31, 2005 and 2006. The following table shows the status at December 31, 2005 and 2006.

<u>December 31, 2005</u>	<u>Appropriation</u>	<u>Estimated Resources</u>	<u>Amount Exceeded</u>
Motor Vehicle License Tax Fund	\$18,500	\$12,932	\$5,568
Gasoline Tax Fund	131,000	86,959	44,041
Cemetery Fund	143,000	108,009	34,991
<u>December 31, 2006</u>			
Gasoline Tax Fund	\$140,500	\$115,989	\$24,511
Cemetery Fund	130,000	99,000	31,000

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

**PEE PEE TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-003

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

The Township had disbursements that exceeded appropriations as follows:

Fund	Appropriations	Disbursements	Amount Exceeded
December 31, 2006:			
Fire Fund	\$143,500	\$252,293	\$108,793
December 31, 2005:			
General Fund	\$126,723	\$151,236	\$24,513

Failure to monitor actual expenditures versus the amount appropriated can result in expenditures exceeding the amount of available resources. We recommend the Fiscal Officer monitor to ensure that expenditures do not exceed appropriations.

FINDING NUMBER 2006-004

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 135.18 provides 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.

In addition, Ohio Rev. Code Section 135.181 (L) states that upon request of a treasurer no more often than 4 times per year, a public depository is required to report: the amount of public monies deposited by the treasurer and secured pursuant to (B), and the total market value of the pool of securities pledged to secure public monies held by the depository, including those deposited by the treasurer. Upon request of a treasurer no more often than 4 times per year, a qualified trustee is required to report the total market value of the pool of securities deposited with it by the depository and provide an itemized list of the securities in the pool. These reports are required to be made as of the date the treasurer specifies.

The bank balances exceeded FDIC plus pledged collateral at year end in the following amounts:

Year Ended	Bank Balance	FDIC	Pledged Collateral	Uninsured/Uncollateralized
12/31/05	\$357,450	\$100,000	\$50,000	\$207,450
12/31/06	\$210,351	\$100,000	\$70,000	\$40,351

Without ensuring the institutions properly collateralize the deposits of public monies, the Township increases the risk of financial loss if the institution should happen to fail.

We recommend the bank obtain adequate pledged collateral for Township deposits. We additionally recommend that the Township develop policies and procedures to ensure all financial institutions comply with the collateralization requirements and that these requirements are stipulated in the depository agreements with the financial institutions.

**PEE PEE TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2006-004 (Continued)

Noncompliance Citation/Significant Deficiency - Ohio Rev. Code Section 135.18 (Continued)

Officials' Response:

We did not receive a response from Official's to the findings reported above.

**PEE PEE TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Ohio Rev. Code Section 5705.36 was issued for appropriations exceeding the certificate of estimated resources.	Yes	
2004-002	Ohio Rev. Code Section 5705.39 was issued for appropriations exceeding estimated resources.	No	Reissued as finding number 2006-002
2004-003	Ohio Rev. Code Section 135.18 was issued for deposits exceeding pledged securities.	No	Reissued as finding number 2006-004
2004-004	Ohio Rev. Code Section 5705.41 (B) was issued for expenditures exceeding appropriations.	No	Reissued as finding number 2006-003



Mary Taylor, CPA
Auditor of State

PEE PEE TOWNSHIP

PIKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2007**