

PIKE TOWNSHIP

STARK COUNTY

INDEPENDENT ACCOUNTANTS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2009 AND DECEMBER 31, 2008

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Pike Township
P.O. Box 434
East Sparta, Ohio 44626

We have reviewed the *Independent Accountants' Report* of Pike Township, Stark County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

October 25, 2010

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**PIKE TOWNSHIP, OHIO
STARK COUNTY
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND DECEMBER 31, 2008**

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INDEPENDENT ACCOUNTANTS' REPORT

Pike Township
PO Box 434
East Sparta, Ohio 44626

To the Township Trustees:

We have audited the accompanying financial statements of Pike Township, Stark County, (the Township) as of and for the years ended December 31, 2009 and 2008. 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 B, 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 Governments 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.

INDEPENDENT ACCOUNTANTS' REPORT (continued)

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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Government as of December 31, 2009 and December 31, 2008, 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 and reserves for encumbrances of Pike Township, Stark County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 B 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 August 4, 2010, 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.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

August 4, 2010

Pike Township, Ohio
Stark County
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2009

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Property Tax and Other Local Taxes	\$47,064	\$237,746	\$284,810
Intergovernmental	198,067	242,869	440,936
Fees, Fines, Licenses and Permits	283,301	11,921	295,222
Earnings on Investments	1,211	91	1,302
Special Assessments	0	3,848	3,848
Miscellaneous	9,065	31,748	40,813
Total Cash Receipts	538,708	528,223	1,066,931
Cash Disbursements			
Current:			
General Government	376,674	0	376,674
Public Safety	0	108,470	108,470
Public Works	209,360	290,250	499,610
Health	19,693	37,372	57,065
Capital Outlay	5,000	16,831	21,831
Total Cash Disbursements	610,727	452,923	1,063,650
Excess of Cash Receipts Over/(Under) Cash Disbursements	(72,019)	75,300	3,281
Fund Cash Balances, January 1, 2009	122,788	288,385	411,173
Fund Cash Balances, December 31, 2009	\$50,769	\$363,685	\$414,454
Reserve For Encumbrances	\$0	\$0	\$0

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

Pike Township, Ohio
Stark County
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2008

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Property Tax and Other Local Taxes	\$44,129	\$239,855	\$283,984
Intergovernmental	112,957	216,942	329,899
Fees, Fines, Licenses and Permits	436,266	17,657	453,923
Earnings on Investments	6,505	1,205	7,710
Special Assessments	0	6,053	6,053
Miscellaneous	7,147	48,735	55,882
Total Cash Receipts	<u>607,004</u>	<u>530,447</u>	<u>1,137,451</u>
Cash Disbursements			
Current:			
General Government	348,544	0	348,544
Public Safety	0	113,957	113,957
Public Works	342,261	349,302	691,563
Health	19,296	39,423	58,719
Capital Outlay	<u>25,000</u>	<u>6,299</u>	<u>31,299</u>
Total Cash Disbursements	<u>735,101</u>	<u>508,981</u>	<u>1,244,082</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	(128,097)	21,466	(106,631)
Fund Cash Balances, January 1, 2008	<u>250,885</u>	<u>266,919</u>	<u>517,804</u>
Fund Cash Balances, December 31, 2008	<u>\$122,788</u>	<u>\$288,385</u>	<u>\$411,173</u>
Reserve For Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

PIKE TOWNSHIP
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Pike Township, Stark 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 provides general governmental services, including road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the East Sparta Volunteer Fire Department to provide fire protection services.

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

B. Basis of Accounting

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

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

C. Cash

The Township maintains all of its cash in an interest-bearing checking account.

D. Fund Accounting

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

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.

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:

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

PIKE TOWNSHIP
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

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

Fire District Fund – This fund receives property tax money to pay for fire protection.

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 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 commitments are made. Encumbrances outstanding at year end are reported as Reserves for Encumbrances.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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 or retirement. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

PIKE TOWNSHIP
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

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

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

	2009	2008
Demand deposits	\$414,454	\$411,173

Deposits – Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institutions' public entity deposit pool.

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2009 and December 31, 2008 was as follows:

2009 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$609,962	\$538,708	(\$71,254)
Special Revenue	488,325	528,223	39,898
	<u>\$1,098,287</u>	<u>\$1,066,931</u>	<u>(\$31,356)</u>

2009 Budget vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$820,000	\$610,727	\$209,273
Special Revenue	681,800	452,923	228,877
	<u>\$1,501,800</u>	<u>\$1,063,650</u>	<u>\$438,150</u>

PIKE TOWNSHIP
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

3. **BUDGETARY ACTIVITY** (continued)

2008 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$638,939	\$607,004	(\$31,935)
Special Revenue	<u>505,349</u>	<u>530,447</u>	<u>25,098</u>
Total	<u>\$1,144,288</u>	<u>\$1,137,451</u>	<u>(\$6,837)</u>

2008 Budget vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$898,500	\$735,101	\$163,399
Special Revenue	<u>651,500</u>	<u>508,981</u>	<u>142,519</u>
Total	<u>\$1,550,000</u>	<u>\$1,244,082</u>	<u>\$305,918</u>

4. **PROPERTY TAX**

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

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

Tangible personal property tax has been phased out as of 2009. To compensate, the state will make distributions to taxing subdivisions from revenue generated by a newly enacted commercial activity tax. Generally, these distributions are expected to fully compensate taxing subdivisions for such losses through 2010 with gradual reductions in the reimbursement from 2011 through 2017.

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

PIKE TOWNSHIP
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

5. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. This 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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

7. SUBSEQUENT EVENTS

In 2010 the Township obtained a commercial loan through the Bank of Magnolia for the purchase of a dump truck for \$120,831. The loan is a three (3) year term loan with \$43,016 due annually on September 15th, at a rate of 4%.

8. ACCOUNTBILITY AND COMPLIANCE

Contrary to Ohio Revised Code Section 5705.39, appropriations exceeded estimated resources.

Contrary to Ohio Revised Code Section 135.21, interest earnings were not properly allocated among funds.

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

Pike Township
PO Box 434
East Sparta, Ohio 44626

To the Township Trustees:

We have audited the financial statements of Pike Township, Stark County, (the Township) as of and for the years ended December 31, 2009 and December 31, 2008, and have issued our report thereon dated August 4, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not expressed an opinion 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings and Responses we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-01 described in the accompanying Schedule of Findings and Responses to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-02 described in the accompanying Schedule of Findings and Responses to be a significant deficiency.

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 we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Responses as items 2009-03 and 2009-04.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 4, 2010.

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

August 4, 2010

PIKE TOWNSHIP
STARK COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEARS ENDING DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

Finding 2009-01 Material Weakness

Sound financial reporting is essential to ensure the information provided to readers of the financial statements is complete and accurate.

The Township made the following audit adjustments and reclassifications to the financial statements:

Property tax, tax reimbursement, and intergovernmental receipt adjustments were made as follows:

<u>2009</u>		Property and Other	Intergovernmental
	<u>Fund</u>	Local Taxes	Receipts
General		(\$32,509)	(\$15,377)
Gasoline Tax		0	(989)
Motor Vehicle License Tax		0	989
Road and Bridge		(24,140)	47,189
Fire District		(20,234)	37,712
Road District		(9,150)	16,509
		(\$86,033)	\$86,033
		(\$86,033)	\$86,033
<u>2008</u>		Property and Other	Intergovernmental
	<u>Fund</u>	Local Taxes	Receipts
General		(\$44,411)	(\$24,033)
Gasoline Tax		0	(1,165)
Motor Vehicle License Tax		0	1,165
Road and Bridge		(16,571)	41,297
Fire District		(1,719)	32,116
Road District		241	13,080
		(\$62,460)	\$62,460
		(\$62,460)	\$62,460

Interest income that should have gone to the General Fund per Ohio Revised Code was allocated to other funds as follows:

<u>Fund</u>	<u>2009</u>	<u>2008</u>
Road and Bridge	\$271	\$851
Cemetery	246	1,197
Lighting Assessment	6	62
Fire District	63	576
Road District	41	81
	\$627	\$2,767
Total Moved to General Fund	\$627	\$2,767

PIKE TOWNSHIP
STARK COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEARS ENDING DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

Special Assessment receipts that should have been recorded in the Lighting Assessment Fund were improperly recorded in the General Fund as follows:

	<u>2009</u>	<u>2008</u>
Lighting Assessment	\$1,872	\$6,037

Adjustments to expenditures for reclassifications and/or recording in incorrect funds were made as follows:

	<u>2009</u>	<u>General Government</u>	<u>Public Works</u>	<u>Public Safety</u>	<u>Capital Outlay</u>
General		\$8,484	(\$6,791)	\$0	\$0
Road and Bridge		0	(3,589)	(16,831)	16,831
Lighting Assessment		0	2,296	0	(2,252)
Fire District		0	0	1,852	0
		<u>\$8,484</u>	<u>(\$8,084)</u>	<u>(\$14,979)</u>	<u>\$14,579</u>
		<u>\$8,484</u>	<u>(\$8,084)</u>	<u>(\$14,979)</u>	<u>\$14,579</u>
	<u>2008</u>	<u>General Government</u>	<u>Public Works</u>	<u>Public Safety</u>	<u>Capital Outlay</u>
General		(\$3,017)	\$0	\$0	\$0
Road and Bridge		0	(4,324)	0	6,299
Lighting Assessment		0	2,388	0	(2,323)
Fire District		0	0	977	0
		<u>(\$3,017)</u>	<u>(\$1,936)</u>	<u>\$977</u>	<u>\$3,976</u>
		<u>(\$3,017)</u>	<u>(\$1,936)</u>	<u>\$977</u>	<u>\$3,976</u>

The adjustments and reclassifications identified above should be reviewed to ensure that similar errors are not reported on the financial statements in subsequent years.

Officials Response:

I agree with the finding and will review and correct the processing and recording of these items in the future.

PIKE TOWNSHIP
STARK COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEARS ENDING DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

Finding 2009-02 Significant Deficiency

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriations balances.

Appropriations and estimated receipts were not always properly entered into the accounting system.

Because the information entered into the accounting system was inaccurate, Township management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Township Trustees and only include budgeted receipts as certified by the County Auditor.

We recommend the Township Trustees approve all appropriation amendments, record approval in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Township Fiscal Officer should post these amendments timely and as authorized. We also recommend the Township Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and amendments thereto.

Officials Response:

I agree with the finding and will input approved estimated resources and appropriations into the accounting system in a timely manner.

Finding 2009-03 Noncompliance

Section 135.21, Revised Code, provides for the allocation of interest among funds. Generally, all interest earned must be credited to the General Fund of the Township except that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.

In both 2009 and 2008 the Township recorded interest to funds other than those identified above. Adjustments to the financial statements have been made to properly reflect the interest allocation and the Township has made the necessary adjustments to appropriate ledgers.

Officials Response:

I agree with the finding and will review and correct the processing and recording of these items in the future.

PIKE TOWNSHIP
STARK COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEARS ENDING DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

Finding 2009-04 Noncompliance

Section 5705.39, Revised Code, provides in part that total appropriations from each fund shall not exceed the total estimated resources.

During our budgetary testing, it was noted that total appropriations exceeded estimated resources in the following funds for the years ended December 31:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<u>2009</u>			
General	\$732,750	\$820,000	(\$87,250)
Gasoline Tax	\$110,123	\$111,000	(\$877)
Cemetery	\$144,868	\$148,000	(\$3,132)
 <u>2008</u>			
General	\$889,824	\$898,500	(\$8,676)
Road District	\$43,505	\$45,000	(\$1,495)

Except for the Road District Fund in 2008, the cause of variances are the result of not adjusting estimated resources for prior year audit adjustments and audit adjustments between funds for the current audit.

Officials Response:

I agree with the finding and will review estimated resources affected by any audit adjustments in the future.

**PIKE TOWNSHIP
STARK COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2007-01	Financial Statement Adjustments.	No	Not Corrected Reissued as Finding 2009-01
2007-02	ORC Section 135.21 Allocation of Interest	No	Not Corrected Reissued as Finding 2009-03



Mary Taylor, CPA
Auditor of State

PIKE TOWNSHIP

STARK 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 9, 2010**