



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Pike Township
Stark County
7134 East Sparta Avenue
East Sparta, Ohio 44626

To the Board of Trustees:

We have audited the accompanying financial statements of Pike Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits provide 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 and reserves for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2000 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.

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

March 24, 2000

**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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Taxes	\$45,788	\$282,398	\$0	\$328,186
Licenses, Permits, and Fees	212,835	23,574	0	236,409
Intergovernmental Receipts	107,839	77,657	0	185,496
Special Assessments	0	10	0	10
Interest	18,248	2,149	0	20,397
Other	16,824	20,562	0	37,386
Total Cash Receipts	401,534	406,350	0	807,884
Cash Disbursements:				
Current:				
General Government	157,595	0	0	157,595
Public Safety	0	82,250	0	82,250
Public Works	171,121	214,758	0	385,879
Health	16,297	28,031	0	44,328
Human Services	85,016	87,338	0	172,354
Debt Service:				
Redemption of Principal	0	0	6,333	6,333
Interest and Fiscal Charges	0	0	325	325
Total Cash Disbursements	430,029	412,377	6,658	849,064
Total Receipts (Under) Disbursements	(28,495)	(6,027)	(6,658)	(41,180)
Other Financing Receipts:				
Other Sources	83	0	0	83
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(28,412)	(6,027)	(6,658)	(41,097)
Fund Cash Balances, January 1	327,708	249,891	6,785	584,384
Fund Cash Balances, December 31	<u>\$299,296</u>	<u>\$243,864</u>	<u>\$127</u>	<u>\$543,287</u>
Reserve for Encumbrances, December 31	<u>\$15,418</u>	<u>\$20,624</u>	<u>\$0</u>	<u>\$36,042</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Taxes	\$42,668	\$253,919	\$11,374	\$307,961
Licenses, Permits, and Fees	278,251	25,306	0	303,557
Intergovernmental Receipts	94,140	74,824	0	168,964
Special Assessments	0	36	0	36
Interest	18,600	1,515	0	20,115
Other	19,114	15,292	0	34,406
Total Cash Receipts	452,773	370,892	11,374	835,039
Cash Disbursements:				
Current:				
General Government	139,232	0	0	139,232
Public Safety	0	102,830	0	102,830
Public Works	136,993	181,688	0	318,681
Health	15,341	32,311	0	47,652
Capital Outlay	118,583	4,350	0	122,933
Debt Service:				
Redemption of Principal	0	0	15,333	15,333
Interest and Fiscal Charges	0	0	1,081	1,081
Total Cash Disbursements	410,149	321,179	16,414	747,742
Total Receipts Over/(Under) Disbursements	42,624	49,713	(5,040)	87,297
Other Financing Receipts:				
Other Sources	18,061	0	0	18,061
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	60,685	49,713	(5,040)	105,358
Fund Cash Balances, January 1	267,023	200,178	11,825	479,026
Fund Cash Balances, December 31	<u>\$327,708</u>	<u>\$249,891</u>	<u>\$6,785</u>	<u>\$584,384</u>
Reserves for Encumbrances, December 31	<u>\$43,334</u>	<u>\$17,910</u>	<u>\$0</u>	<u>\$61,244</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pike Township, Stark County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the East Sparta Volunteer Fire Department to provide fire services .

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposits are valued at cost.

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

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:

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

D. Fund Accounting(Continued)

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

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

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bond and note indebtedness.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control. 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 individual commitments are made. Encumbrances outstanding at year end are reported as Reserves for Encumbrances.

A summary of 1999 and 1998 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. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH

The Township maintains a cash 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>1999</u>	<u>1998</u>
Demand deposits	\$368,287	\$334,384
Certificates of deposit	<u>175,000</u>	<u>250,000</u>
Total deposits	<u>\$543,287</u>	<u>\$584,384</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$413,760	\$401,617	(\$12,143)
Special Revenue	382,102	406,350	24,248
Debt Service	<u>6,785</u>	<u>0</u>	<u>(6,785)</u>
Total	<u>\$802,647</u>	<u>\$807,967</u>	<u>\$5,320</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$751,643	\$445,447	\$306,196
Special Revenue	631,994	433,001	198,993
Debt Service	<u>13,569</u>	<u>6,658</u>	<u>6,911</u>
Total	<u>\$1,397,206</u>	<u>\$885,106</u>	<u>\$512,100</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$357,619	\$470,834	\$113,215
Special Revenue	340,028	370,892	30,864
Debt Service	<u>11,374</u>	<u>11,374</u>	<u>0</u>
Total	<u>\$709,021</u>	<u>\$853,100</u>	<u>\$144,079</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY(Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$676,280	\$453,483	\$222,797
Special Revenue	548,594	339,089	209,505
Debt Service	23,199	16,414	6,785
Total	\$1,248,073	\$808,986	\$439,087

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 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 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

The Township had debt outstanding of \$6,333 as of December 31, 1998. This debt was paid in full during 1999. This debt was obtained in 1996 to purchase a Township truck.

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their wages to PERS. The Township contributed an amount equal to 13.55% of their wages. The Township has paid all contributions required through December 31, 1999.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

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

Pike Township
Stark County
7134 East Sparta Avenue
East Sparta, Ohio 44626

To the Board of Trustees:

We have audited the accompanying financial statements of Pike Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 24, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 24, 2000.

Internal Control Over Financial Reporting

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

Pike Township
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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 March 24, 2000.

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

March 24, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
MAY 2, 2000**