

Pee Pee Township

Pike County, Ohio

Regular Audit

For the Years Ended December 31, 2004 and 2003

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Pee Pee Township  
3670 State Route 220  
Waverly, Ohio 45690

We have reviewed the *Independent Accountants' Report* of Pee Pee Township, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period January 1, 2003 through December 31, 2004. 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's Office (AOS). 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 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. 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 AOS 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. Pee Pee Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

February 22, 2006

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**PEE PEE TOWNSHIP  
PIKE COUNTY**

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## **Independent Accountants' Report**

Board of Trustees  
Pee Pee Township  
Pike County, Ohio  
3670 State Route 220  
Waverly, OH 45690

We have audited the accompanying financial statements of Pee Pee Township, Pike County, (the Township) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Township 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under 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 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 December 31, 2004, or its changes in financial position for the year 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, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion & Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion & 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 July 28, 2005, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.



Balestra, Harr & Scherer, CPAs, Inc.

July 28, 2005



**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, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$42,255	\$163,490	\$205,745
Intergovernmental	93,750	98,858	192,608
Earnings on Investments	1,067	2,135	3,202
Other Revenue	8	1,139	1,147
	<u>137,080</u>	<u>265,622</u>	<u>402,702</u>
<b>Total Cash Receipts</b>			
	<u>137,080</u>	<u>265,622</u>	<u>402,702</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	78,942	0	78,942
Public Safety	0	30,016	30,016
Public Works	0	106,884	106,884
Health	748	107,657	108,405
Capital Outlay	614	39,278	39,892
	<u>80,304</u>	<u>283,835</u>	<u>364,139</u>
<b>Total Cash Disbursements</b>			
	<u>80,304</u>	<u>283,835</u>	<u>364,139</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>56,776</u>	<u>(18,213)</u>	<u>38,563</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	0	20,000	20,000
Transfers-Out	(20,000)	0	(20,000)
	<u>(20,000)</u>	<u>20,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(20,000)</u>	<u>20,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>36,776</u>	<u>1,787</u>	<u>38,563</u>
<b>Fund Cash Balances, January 1</b>	<u>156,481</u>	<u>162,058</u>	<u>318,539</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$193,257</b></u>	<u><b>\$163,845</b></u>	<u><b>\$357,102</b></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, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$42,405	\$191,477	\$233,882
Intergovernmental	55,639	66,422	122,061
Earnings on Investments	1,144	0	1,144
Other Revenue	0	2,288	2,288
	<u>99,188</u>	<u>260,187</u>	<u>359,375</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
General Government	79,964	0	79,964
Public Safety	0	22,962	22,962
Public Works	0	70,986	70,986
Health	757	119,284	120,041
Capital Outlay	6,453	35,863	42,316
Debt Service:			
Redemption of Principal	0	30,000	30,000
Interest and Fiscal Charges	0	1,500	1,500
	<u>87,174</u>	<u>280,595</u>	<u>367,769</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>12,014</u>	<u>(20,408)</u>	<u>(8,394)</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	0	70,000	70,000
Transfers-Out	(70,000)	0	(70,000)
	<u>(70,000)</u>	<u>70,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(57,986)	49,592	(8,394)
Fund Cash Balances, January 1	<u>214,467</u>	<u>112,466</u>	<u>326,933</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$156,481</u></b>	<b><u>\$162,058</u></b>	<b><u>\$318,539</u></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, 2004 AND 2003**

**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. The Township provides 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 receives gasoline tax money for constructing, maintaining and repairing Township roads.

*Fire Fund* - This fund receives property tax monies to provide fire protection for the residents of the Township.

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

**PEE PEE TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(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 use the encumbrance method of accounting.

A summary of 2004 and 2003 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**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 and investments at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$257,102	\$218,539
Certificates of Deposits	100,000	100,000
Total deposits and investments	<u>\$357,102</u>	<u>\$318,539</u>

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

**PEE PEE TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,494	\$137,080	\$8,586
Special Revenue	281,500	285,622	4,122
Total	\$409,994	\$422,702	\$12,708

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,392	\$100,304	\$20,088
Special Revenue	316,250	283,835	32,415
Total	\$436,642	\$384,139	\$52,503

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,101	\$99,188	(\$2,913)
Special Revenue	234,210	330,187	95,977
Total	\$336,311	\$429,375	\$93,064

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$96,302	\$157,174	(\$60,872)
Special Revenue	321,000	280,595	40,405
Total	\$417,302	\$437,769	(\$20,467)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund and the Cemetery Fund for the year ended December 31, 2003.

Contrary to Ohio law, appropriations exceeded total estimated resources in several funds for the year ended December 31, 2004 and 2003, nor did the Township amend its certificate of estimated resources as required.

**PEE PEE TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**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 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. RETIREMENT SYSTEMS**

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. 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 2004 and 2003, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2004.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**PEE PEE TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000 on any specific loss. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31, 2003 and 2002 (the latest information available):

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>
<u>Property Coverage</u>		
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

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Ohio Society of Certified Public Accountants

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Pee Pee Township  
Pike County, Ohio  
3670 State Route 220  
Waverly, OH 45690

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, 2004 and 2003, and have issued our report thereon dated July 28, 2005, 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 audits 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.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 caused by error or fraud 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.

**Compliance and Other Matters**

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 grant agreements, 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 audits 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 2004-001, 2004-002, 2004-003, and 2004-004

We also noted certain additional matters that we reported to management of the Township in a separate letter dated July 28, 2005.



Pee Pee Township  
Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

July 28, 2005

**PEE PEE TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**Noncompliance Citation**

Ohio Revised Code 5705.36 requires that the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation. It also requires that an increased amended certificate be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue and a reduced amended certificate be obtained if the amount of the deficiency will reduce available resources below the current level of appropriations.

We noted that in 2003, appropriations exceeded total estimated resources by \$13,737 in the Gasoline Tax Fund, \$926 in the Motor Vehicle License Tax Fund, \$2,010 in the Road and Bridge Fund, and \$14,190 in the Cemetery Fund. In 2004, appropriations exceeded total estimated resources by \$13,764 in the Gasoline Tax Fund, \$2,826 in the Road and Bridge Fund, and \$16,510 in the Cemetery Fund.

Also, for the year ended December 31, 2004, the Cemetery Fund actual receipts and unencumbered beginning balance exceeded appropriations by \$12,343. Although the excess amount appropriated was not expended, the Township did not obtain an amended certificate.

These situations could result in expenditures that exceed actual cash, and could result in possible fund balance deficits.

The Township should properly monitor estimated resources as compared to actual receipts and estimated resources versus appropriations closely and obtain amended certificates as determined necessary.

**FINDING NUMBER 2004-002**

**Noncompliance Citation**

Ohio Revised Code 5705.39 requires that the total appropriations made during a fiscal year from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

We noted that in 2003, appropriations exceeded total estimated resources by \$13,737 in the Gasoline Tax Fund, \$926 in the Motor Vehicle License Tax Fund, \$2,010 in the Road and Bridge Fund, and \$14,190 in the Cemetery Fund. In 2004, appropriations exceeded total estimated resources by \$13,764 in the Gasoline Tax Fund, \$2,826 in the Road and Bridge Fund, and \$16,510 in the Cemetery Fund.

The Township should properly monitor estimated resources versus appropriations to ensure that amounts do not exceed estimated resources.

**PEE PEE TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**FINDING NUMBER 2004-003**

**Noncompliance Citation**

Ohio Revised Code 135.18 requires that the treasurer of a political subdivision must require that 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.

We noted that \$53,538 of the Township's fund cash balance was uncollateralized in 2003 and \$117,100 of the Township's fund cash balance was uncollateralized in 2004.

This could result in possible loss of funds in the instance that collateralization would be needed. The Township Clerk should properly monitor pledged securities for the Township's deposits and sign a depository agreement with the bank requiring adequate collateralization of funds.

**FINDING NUMBER 2004-004**

**Noncompliance Citation**

Ohio Revised Code 5705.41(B) states that the Township is not to expend money unless it has been appropriated. For the year ended December 31, 2003, the Township's General fund and Cemetery fund actual budget basis expenditures exceeded appropriations by \$60,872 and \$5,284, respectively.

The Township should monitor expenditures and encumbrances as compared to appropriations throughout the year in order to limit spending to those amounts appropriated.

**PEE PEE TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-40766-001	Section 5705.39 was issued for appropriations exceeding estimated resources.	No	Reissued as finding number 2004-002.
2002-40766-002	Section 5705.41 (B) was issued for expenditures exceeding appropriations.	No	Reissued as finding number 2004-004.
2002-40766-003	Section 5705.41 (D) was issued for expending funds that were not properly appropriated.	Yes	



**Auditor of State  
Betty Montgomery**

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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  
MARCH 07, 2006**