

PIKE TOWNSHIP
MADISON COUNTY, OHIO

Audited Financial Statements

For the Year Ended December 31, 2005



Mary Taylor, CPA
Auditor of State

Board of Trustees
Pike Township
3370 Rosedale Rd.
Irwin, Ohio 43029-4526

We have reviewed the *Independent Auditor's Report* of Pike Township, Madison County, prepared by Van Krevel & Company, for the audit period January 1, 2005 to December 31, 2005. 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.

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

January 29, 2007

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VAN KREVEL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
5201 INDIAN HILL ROAD
DUBLIN, OHIO 43017
614-761-3743

Independent Auditor's Report

To the Board of Trustees
Pike Township-Madison County, Ohio
3370 Rosedale Road
Irwin, Ohio 43029-9526

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information and fiduciary fund of Pike Township Township, Madison County, Ohio (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 *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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information and the fiduciary fund of Pike Township, Madison County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, and Fire and EMS Fund for the year then ended on the basis of accounting described in Note 2.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Government Accounting Standard No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2006, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion 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* and should be read in conjunction with this report in considering the results of our audits.

/s/ Van Krevel & Company
Dublin, Ohio

December 4, 2006

Pike Township
Madison County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
(Unaudited)

This discussion and analysis of the Pike Township, Madison County's (the "Township") financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, with the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$51,678 or 23.9%, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2005; however, cost increases affected most funds.

The Government's general receipts are primarily property and income taxes. These receipts represent respectively \$33,494 and 23.6% of the total cash received for governmental activities during the year. Property and income tax receipts for 2005 and were down some \$47,000 compared to 2004 as development within the Government has slowed.

The increase in the gas tax this year helped somewhat in the operating expenses.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balance or most activity in separate columns.

The notes to the financial statements are an integral part of the government wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Government's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial statements and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Pike Township
Madison County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
(Unaudited)

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Government did financially during 2005, within the limitations of the modified cash basis of accounting. The statement of net assets presents the cash balances and investments of the government and business type activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business type activity. Program receipts include charges paid by the recipient of the program's goods and services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business type activity draws from the Government's general receipts.

These statements report the Government's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Government's financial health. Over time, increase or decreases in the Government's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Government's financial condition, you should also consider other nonfinancial factors as well, such as the Government's property tax base, the condition of the Government's capital assets and infrastructure, the extent of the Government's debt obligations, the reliance on non local financial resources for operations and the need for continued growth in the major local revenue sources, such as property taxes.

In the statement of net assets and the statement of activities, we divide the Government into two types of activities:

Government activities. Most of the Government's basic services are reported here, including police, fire, streets and parks. State and Federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business type activity. The Government has no business type activity at this time.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Government's major funds - not the Government as a whole. The Government establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purposes. The funds of the Government are split into three categories: governmental, proprietary and fiduciary.

Government Funds - Most of the Government's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The Government's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Government's major funds are: the General Fund, Gasoline Tax, Fire and EMS, and Capital Projects Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity wide statements. We described this relationship in reconciliations presented with the government fund financial statements.

Pike Township
 Madison County, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2005
 (Unaudited)

Reporting the Government's Most Significant Funds (continued)

Proprietary Funds - When the Government charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Government has no enterprise fund. When the services are provided to other departments of the Government, the services is reported as an internal service activity. The Government has no internal service fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected on the government wide financial statements because the resources of these funds are not available to support the Government's programs.

The Government as a Whole

Table 1 provides a summary of the Government's net assets for 2005 on a modified cash basis:

	(Table 1) Net Assets					
	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Assets:						
Cash and Cash Equivalents	\$163,715	\$193,160	\$ 0	\$ 0	\$163,715	\$193,160
Investments						
Total Assets	<u>\$163,715</u>	<u>\$193,160</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$163,715</u>	<u>\$193,160</u>
Net Assets:						
Restricted for:						
Debt Service						
Capital Outlay	\$ 32,187	\$ 76,419	\$ 0	\$ 0	\$ 32,187	\$ 76,419
Other Purposes	60,400	45,423			60,400	45,423
Unrestricted	<u>71,128</u>	<u>71,318</u>			<u>71,128</u>	<u>71,318</u>
Total Net Assets	<u>\$163,715</u>	<u>\$193,160</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$163,715</u>	<u>\$193,160</u>

As mentioned previously, net assets of governmental activities decreased during 2005. The primary reasons contributing to the decrease in cash balances are as follows:

The Government had several roads that were in very poor condition that needed extensive repairs costing in excess of \$60,000.

Table 2 reflects the changes in net assets in 2005. Since the Government did not prepare financial statements in this format for 2004, a comparative analysis of government wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Pike Township
 Madison County, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2005
 (Unaudited)

Reporting the Government's Most Significant Funds (continued)

(Table 2)
 Changes in Net Assets

	Governmental Activities <u>2005</u>	Business Type Activities <u>2005</u>	Totals <u>2005</u>
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 1,100	\$	\$ 1,100
Operating Grants and Contributions			
Capital Grants and Contributions			
Total Program Receipts	<u>1,100</u>	<u> </u>	<u>1,100</u>
General Receipts:			
Property and Other Local Taxes	30,745		30,745
Intergovernmental	102,270		102,270
Interest	4,922		4,922
Miscellaneous	<u>2,894</u>	<u> </u>	<u>2,894</u>
Total General Receipts	<u>140,831</u>	<u> </u>	<u>140,831</u>
Total Receipts	<u>141,931</u>	<u> </u>	<u>141,931</u>
Disbursements:			
General Government	26,409		26,409
Public Safety	23,422		23,422
Public Works	53,546		53,546
Health	2,324		2,324
Capital Outlay	<u>62,675</u>	<u> </u>	<u>62,675</u>
Total Disbursements	<u>168,376</u>	<u> </u>	<u>168,376</u>
Excess (Deficiency) Before Transfers & Other	(26,445)		(26,445)
Transfers / Other	<u>(3,000)</u>	<u> </u>	<u>(3,000)</u>
Increase (Decrease) in Net Assets	(29,445)		(29,445)
Net Assets, January 1, 2005	<u>193,160</u>	<u> </u>	<u>193,160</u>
Net Assets, December 31, 2005	<u>\$163,715</u>	<u>\$ </u>	<u>\$163,715</u>

Pike Township
 Madison County, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2005
 (Unaudited)

Reporting the Government's Most Significant Funds (continued)

Disbursements for General Government represent the overhead costs of running the Government and the support services provided for the other Government activities. These include the costs of council, the auditor, treasurer and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs as much as possible.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; the economic development department promotes the Government to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Governmental Activities

General government also represents a significant cost, about 8%.

Table 3
 Governmental Activities

	Total Cost Of Services <u>2005</u>
General Government	\$ 26,409
Security of Persons and Property	23,422
Public Works	53,546
Health	2,324
Capital Outlay	<u>62,675</u>
Total Expenses	<u>\$168,376</u>

Business Type Activities

At this time, the Township does not have any business type activities.

Pike Township
Madison County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
(Unaudited)

The Government's Funds

Total governmental funds had receipts of \$141,932 and disbursements of \$168,376. The greatest change within government funds occurred within the General Fund. The fund balance of the General Fund decreased \$190 as a result of increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts.

General Fund receipts were more than disbursements by \$2,810 indicating that the General Fund is in a moving in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2006, including cuts in road repairs and maintenance and other reductions. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

General Fund Budgeting Highlights

The Government's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Government amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$249,931, while actual disbursements were \$171,376. Although receipts failed to live up to expectations, appropriations were not reduced. The Government kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$29,445 for 2005.

Capital Assets and Debt Administration

Capital Assets

The Government does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2005, the Government's outstanding debt was zero.

Pike Township
Madison County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
(Unaudited)

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited and, in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2007; therefore, the finance committee and the administration implemented a strategy to delay the deficit. This plan became effective for 2006. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Government. We have reduced planned road repairs and maintenance.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lila I. Stewart, Pike Township, Madison County, 3370 Rosedale Road, Irwin, Ohio 43029.

Pike Township
Madison County, Ohio

Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$163,715</u>
Total Assets	<u><u>\$163,715</u></u>
 NET ASSETS	
Restricted:	
Other Purposes	\$ 92,587
Unrestricted	<u>71,128</u>
Total Net Assets	<u><u>\$163,715</u></u>

Pike Township
Madison County, Ohio

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

		<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges For Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General Government	\$ 26,409	\$	\$	\$ (26,409)
Public Safety	23,422		1,091	(22,331)
Public Works	53,547		79,290	25,743
Health	2,324			(2,324)
Other	3,000	1,188		(1,812)
Capital Outlay	<u>62,675</u>	<u> </u>	<u> </u>	<u>(62,675)</u>
Total Governmental Activities	\$171,377	\$1,188	\$80,381	\$ (89,808)
General Receipts:				
Property Taxes				\$ 34,621
Grants and Entitlements not Restricted to Specific Programs				18,014
Earnings on Investments				4,834
Miscellaneous				<u>2,894</u>
Total General Receipts				<u>60,363</u>
Changes in Net Assets				(29,445)
Net Assets-Beginning of the Year				<u>193,160</u>
Net Assets-End of the Year				<u>\$163,715</u>

Pike Township
Madison County, Ohio

Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire and EMS</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Assets</u>
Equity in Pooled Cash and Cash Equivalents	<u>\$ 71,128</u>	<u>\$ 23,577</u>	<u>\$18,932</u>	<u>\$32,187</u>	<u>\$17,891</u>	<u>\$163,715</u>
Total Assets	<u>\$ 71,128</u>	<u>\$ 23,577</u>	<u>\$18,932</u>	<u>\$32,187</u>	<u>\$17,891</u>	<u>\$163,715</u>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	\$	\$	\$	\$	\$	\$
Unreserved:						
Undesignated, Reported in:						
General Fund	71,128					71,128
Special Revenue Funds		23,577	18,932		17,891	60,400
Capital Projects Fund	<u> </u>	<u> </u>	<u> </u>	<u>32,187</u>	<u> </u>	<u>32,187</u>
Total Fund Balances	<u>\$ 71,128</u>	<u>\$ 23,577</u>	<u>\$18,932</u>	<u>\$32,187</u>	<u>\$17,891</u>	<u>\$163,715</u>

Pike Township
Madison County, Ohio

Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire And EMS</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts:						
Local Taxes	\$ 7,962	\$	\$22,783	\$	\$	\$ 30,745
Charges for Services	1,100					1,100
Intergovernmental	20,529	76,652	1,360		3,729	102,270
Earnings on Investments	3,902	713			307	4,922
Miscellaneous	<u> </u>	<u>2,894</u>	<u> </u>	<u> </u>	<u> </u>	<u>2,894</u>
Total Receipts	<u>33,493</u>	<u>80,259</u>	<u>24,143</u>	<u>\$ 0</u>	<u>\$ 4,036</u>	<u>141,931</u>
Disbursements:						
Current:						
General Government	26,409					26,409
Public Safety	1,001		22,421			23,422
Public Works	949	50,616			1,981	53,546
Health	2,324					2,324
Capital Outlay	<u> </u>	<u>3,443</u>	<u> </u>	<u>59,232</u>	<u> </u>	<u>62,675</u>
Total Disbursements	<u>30,683</u>	<u>54,059</u>	<u>22,421</u>	<u>59,232</u>	<u>1,981</u>	<u>168,376</u>
Excess of Receipts Over (Under) Disbursements	2,810	26,200	1,722	(59,232)	2,055	(26,445)
Other Financing Sources (Uses)						
Transfers In		1,091		15,000		16,091
Transfers Out		(15,000)			(1,091)	(16,091)
Other Financing Uses	<u>(3,000)</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(3,000)</u>
Total Other Financing Sources (Uses)	(3,000)	(13,909)		15,000	(1,091)	(3,000)
Net Change in Fund Balance	(190)	12,291	1,722	(44,232)	964	(29,445)
Balances, January 1	<u>71,318</u>	<u>11,286</u>	<u>17,210</u>	<u>76,419</u>	<u>16,927</u>	<u>193,160</u>
Fund Balances, December 31	<u>\$ 71,128</u>	<u>\$ 23,577</u>	<u>\$18,932</u>	<u>\$32,187</u>	<u>\$ 17,891</u>	<u>\$163,715</u>

Pike Township
Madison County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 8,166	\$ 8,166	\$ 7,962	\$ (204)
Charges for Services	0	0	1,100	1,100
Intergovernmental	74,985	74,985	20,529	(54,456)
Earnings on Investments	3,053	3,053	3,902	849
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	<u>86,204</u>	<u>86,204</u>	<u>33,493</u>	<u>(52,711)</u>
Disbursements:				
Current:				
General Government	36,601	36,601	26,409	10,192
Public Safety	3,090	3,090	1,001	2,089
Public Works	1,030	1,030	949	81
Health	8,108	8,108	2,324	5,784
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Disbursements	<u>51,829</u>	<u>51,829</u>	<u>30,683</u>	<u>21,146</u>
Excess of Receipts Over (Under) Disbursements	34,374	34,374	\$ 2,810	(31,564)
Other Financing Sources (Uses)				
Other Financing Uses	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>
Net Change in Fund Balance	31,374	31,374	(190)	(31,564)
Fund Balances, January 1	<u>71,318</u>	<u>71,318</u>	<u>71,318</u>	<u>0</u>
Fund Balances, December 31	<u>\$102,692</u>	<u>\$102,692</u>	<u>\$ 71,128</u>	<u>\$ (31,564)</u>

Pike Township
Madison County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$ 58,326	\$ 58,326	\$ 76,652	\$ 18,326
Earnings on Investments	6,310	6,310	713	(5,597)
Miscellaneous	<u>0</u>	<u>0</u>	<u>2,894</u>	<u>2,894</u>
Total Receipts	<u>64,636</u>	<u>64,636</u>	<u>80,259</u>	<u>15,623</u>
Disbursements:				
Current:				
Public Works	55,009	55,009	50,616	4,393
Capital Outlay	<u>8,000</u>	<u>8,000</u>	<u>3,443</u>	<u>4,557</u>
Total Disbursements	<u>63,009</u>	<u>63,009</u>	<u>54,059</u>	<u>8,950</u>
Excess of Receipts Over (Under) Disbursements	1,627	1,627	26,200	24,573
Other Financing Sources (Uses)				
Transfers In	1,091	1,091	1,091	0
Transfers Out	(15,000)	(15,000)	(15,000)	0
Advances In	1,091	1,091	0	(1,091)
Other Financing Uses	<u>(1,091)</u>	<u>(1,091)</u>	<u>0</u>	<u>1,091</u>
Total Other Financing Sources (Uses)	<u>(13,909)</u>	<u>(13,909)</u>	<u>(13,909)</u>	<u>0</u>
Net Change in Fund Balances	(12,282)	(12,282)	12,291	24,573
Fund Balances, January 1	<u>11,286</u>	<u>11,286</u>	<u>11,286</u>	<u>0</u>
Fund Balances, December 31	<u>\$ (996)</u>	<u>\$ (996)</u>	<u>\$ 23,577</u>	<u>\$ 24,573</u>

Pike Township
Madison County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Fire and EMS Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 21,994	\$ 21,994	\$ 22,783	\$ 789
Intergovernmental	2,570	2,570	1,360	(1,210)
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	<u>24,564</u>	<u>24,564</u>	<u>24,143</u>	<u>(421)</u>
Disbursements:				
Current:				
Public Safety	23,421	23,421	22,421	1,000
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>23,421</u>	<u>23,421</u>	<u>22,421</u>	<u>1,000</u>
Excess of Receipts Over (Under) Disbursements	1,143	1,143	1,722	579
Fund Balances, January 1	<u>17,210</u>	<u>17,210</u>	<u>17,210</u>	<u>0</u>
Fund Balances, December 31	<u>\$ 18,353</u>	<u>\$ 18,353</u>	<u>\$ 18,932</u>	<u>\$ 579</u>

Pike Township
Madison County, Ohio

Statement of Fiduciary Net Assets
Fiduciary Funds-Erwin Trust Fund
December 31, 2005

	Private Purpose Trust <u>Erwin Trust</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ <u>200</u>
Total Assets	\$ <u><u>200</u></u>
 NET ASSETS	
Held in Trust for Cemetery Maintenance	\$ <u>200</u>
Total Net Assets	\$ <u><u>200</u></u>

Pike Township
Madison County, Ohio

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund - Erwin Trust Fund
For the Year Ended December 31, 2005

	Private Purpose Trust <u>Erwin Trust</u>
ADDITIONS	
Interest	\$ 1
DEDUCTIONS	<u>0</u>
Change in Net Assets	<u>1</u>
Net Assets - Beginning of Year	199
Net Assets - End of Year	<u>\$ 200</u>

Pike Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

1 REPORTING ENTITY

Pike Township, Madison 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 also has an elected Township Clerk.

The reporting entity is comprised of the primary government.

A Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Pleasant Valley Joint Fire District and the Village of Mechanicsburg to provide fire services and the Village of Mechanicsburg to provide ambulance services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Township's accounting policies.

A Basis of Presentation

The Township's basic financial statements consist of government wide financial statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

1 Government Wide Financial Statements

The statements of net assets and the statements of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non exchange transactions. Pike Township has no business type activities.

Pike Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self financing on a modified cash basis or draws from the Township's general receipts.

2 Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column.

The fund statements report all other receipts and disbursements as non operating.

B Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity and a self balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental.

1 Governmental Funds

The Township classified funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other non exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Fire and EMS Fund and Capital Projects Fund.

General Fund

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

Pike Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 expenditures for specific purposes. The Township has the following significant Special Revenue Funds.

Gasoline Tax Fund

This fund receives monies from road use taxes and is available for payroll and to pay for constructing, maintaining and repairing Townships roads.

Fire and EMS Fund

This fund receipts tax monies for the purpose of maintaining, repairing and improving the fire house and its contents, fire equipment and all related services.

3 Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital projects. The Township has the following significant Capital Projects Fund:

Miscellaneous Capital Projects Fund - This fund received revenue from the General and Gas Tax Funds via transfers of funds. The fund was established in 2001 for the purpose of road improvements, machinery purchases and cemetery land purchases.

4 Fiduciary Funds (Trust Funds)

Fiduciary funds include private purpose trust funds and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The township had the following Fiduciary fund:

Erwin Trust Fund - This fund was established to be used for cemetery maintenance.

C Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Townships's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

Pike Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Basis of Accounting (continued)

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimates resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Interest earnings are allocated to Township funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$3,902.

Pike Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F Capital Assets

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

G Interfund Receivables/Payables

The Township reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

H Employer Contributions to Cost Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and post retirement health care benefits.

I Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted or unrestricted net assets are available.

The Township had no restricted assets in 2005.

3 CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

For 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2005, the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non major funds aggregated and presented in a single column rather than a column for each fund type.

4 BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual - Budgetary Basis that are presented for the General Fund, Gasoline Tax Fund and the Fire and EMS Fund were prepared on the budgetary basis to provide meaningful comparison of actual results with the budget.

Pike Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

5 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 31st was as follows:

	<u>2005</u>
Demand Deposits	\$ <u>22,516</u>
Total Deposits	<u>22,516</u>
STAR Ohio	<u>141,199</u>
Total Investments	<u>141,199</u>
Total Deposits and Investments	<u><u>\$163,715</u></u>

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

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

6 PROPERTY TAX

Property taxes include amounts levied against all real property, public utility property and tangible personal property located in the Township. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25% of true value for capital assets and 23% for inventory.

7 RISK MANAGEMENT

Commercial Insurance

The Township is exposed to various risks of property and casualty losses and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

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 coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Pike Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

7 RISK MANAGEMENT (continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's premium. Also, upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Pike Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

7 RISK MANAGEMENT (continued)

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, 2005:

<u>Casualty Coverage</u>	<u>2005</u>
Assets	\$30,485,638
Liabilities	<u>(12,344,576)</u>
Retained Earnings	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2005</u>
Assets	\$ 9,177,796
Liabilities	<u>(1,406,031)</u>
Retained Earnings	<u>\$ 7,771,765</u>

The Casualty Coverage assets and retained earnings above include approximately \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$8,370.

8 DEFINED BENEFIT PENSION PLAN

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing multiple employer defined benefit pension plan. The member plan is a defined contribution plan in which the member invests both member and employer contributions. (Employer contributions vest over a 5 year period at the rate of 20% per year.) Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under this plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions are self-directed by the member and accumulate retirement assets in a manner similar to the member directed plan.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5% of their annual covered salaries. The Township's pension contributions were 13.55% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions. The Township has paid all contributions required through December 31, 2005.

Pike Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2005

9 POST EMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides post retirement health care coverage to age and service retirees with ten or more years of service of qualifying service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member directed plan do not qualify for post retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post retirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll; 4% of covered payroll was the portion that was used to fund health care.

VAN KREVEL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
5201 INDIAN HILL ROAD
DUBLIN, OHIO 43017
614-761-3743

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

To the Board of Trustees
Pike Township
Madison County, Ohio
3370 Rosedale Road
Irwin, Ohio 43029-9526

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of Pike Township, Madison County, Ohio (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated December 4, 2006, wherein we noted that the Township revised its financial statements for 2005, making them comparable to the requirements of Governmental Auditing Standard No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal over financial reporting that might be material weaknesses. A material weakness is a reportable 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 operations that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Pike Township in a separate letter dated December 4, 2006.

Pike Township
Madison County, Ohio
Report on Internal Control Over Financial Reporting and on
Compliance with Other Matters Based on an Audit of Financial Statements
Performed in accordance with *Government Auditing Standards*

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, contract and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated December 4, 2006.

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.

/s/ Van Krevel & Company
Dublin, Ohio

December 4, 2006



Mary Taylor, CPA
Auditor of State

PIKE TOWNSHIP

MADISON 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
FEBRUARY 13, 2007**