

**PIKE TOWNSHIP**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED  
DECEMBER 31, 2007 AND DECEMBER 31, 2006

Varney, Fink & Associates, Inc.  
Certified Public Accountants





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Pike Township, Stark County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Pike Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

June 2, 2009

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**PIKE TOWNSHIP, OHIO  
STARK COUNTY  
FOR THE YEARS ENDED  
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

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**CERTIFIED PUBLIC ACCOUNTANTS**  
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**INDEPENDENT AUDITOR'S REPORT**

Pike Township  
PO Box 434  
East Sparta, Ohio 44626

To the Township Trustees:

We have audited the accompanying financial statements of Pike Township, Stark County, (the Township), as of and for the years ended December 31, 2007 and 2006. 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 whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

## INDEPENDENT AUDITOR'S REPORT (continued)

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not express an opinion on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

December 30, 2008

**Pike Township, Ohio**  
**Stark County**  
**Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash**  
**Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2007**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property Tax and Other Local Taxes	\$58,352	\$330,855	\$389,207
Intergovernmental	63,701	124,590	188,291
Fees, Fines, Licenses and Permits	421,391	20,947	442,338
Earnings on Investments	25,216	1,976	27,192
Special Assessments	0	4,131	4,131
Miscellaneous	11,616	42,049	53,665
<b>Total Cash Receipts</b>	<b>580,276</b>	<b>524,548</b>	<b>1,104,824</b>
<b>Cash Disbursements</b>			
Current:			
General Government	318,677	0	318,677
Public Safety	0	120,953	120,953
Public Works	259,307	318,268	577,575
Health	19,223	23,943	43,166
Debt Service:			
Principal Retirement	26,481	0	26,481
Interest and Fiscal Charges	1,334	0	1,334
Capital Outlay	33,368	2,205	35,573
<b>Total Cash Disbursements</b>	<b>658,390</b>	<b>465,369</b>	<b>1,123,759</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(78,114)</b>	<b>59,179</b>	<b>(18,935)</b>
<b>Other Financing Receipts/(Disbursements)</b>			
Advances-In	0	3,000	3,000
Advances-Out	(3,000)	0	(3,000)
Other Financing Sources	251	0	251
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(2,749)</b>	<b>3,000</b>	<b>251</b>
<b>Excess of Cash Receipts and Other Financing Receipts</b> <b>Over/(Under) Cash Disbursements and Other</b> <b>Financing Disbursements</b>	<b>(80,863)</b>	<b>62,179</b>	<b>(18,684)</b>
<b>Fund Cash Balances, January 1, 2007</b>	<b>331,748</b>	<b>204,740</b>	<b>536,488</b>
<b>Fund Cash Balances, December 31, 2007</b>	<b>\$250,885</b>	<b>\$266,919</b>	<b>\$517,804</b>
<b>Reserve For Encumbrances</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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



**Pike Township, Ohio**  
**Stark County**  
**Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash**  
**Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2006**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Property Tax and Other Local Taxes	\$57,988	\$332,920	\$390,908
Intergovernmental	110,041	127,516	237,557
Fees, Fines, Licenses and Permits	474,696	14,955	489,651
Earnings on Investments	22,184	1,344	23,528
Special Assessments	0	2,051	2,051
Miscellaneous	34,690	28,674	63,364
Total Cash Receipts	<u>699,599</u>	<u>507,460</u>	<u>1,207,059</u>
Cash Disbursements			
Current:			
General Government	268,603	0	268,603
Public Safety	0	120,057	120,057
Public Works	264,327	329,898	594,225
Health	19,784	56,004	75,788
Debt Service:			
Principal Retirement	24,965	0	24,965
Interest and Fiscal Charges	2,899	0	2,899
Capital Outlay	87,656	2,026	89,682
Total Cash Disbursements	<u>668,234</u>	<u>507,985</u>	<u>1,176,219</u>
Total Cash Receipts Over/(Under) Cash Disbursements	31,365	(525)	30,840
Other Financing Receipts/(Disbursements)			
Loan Proceeds	51,446	0	51,446
Transfers-In	0	30,000	30,000
Transfers-Out	(30,000)	0	(30,000)
Total Other Financing Receipts/(Disbursements)	21,446	30,000	51,446
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	52,811	29,475	82,286
Fund Cash Balances, January 1, 2006	<u>278,937</u>	<u>175,265</u>	<u>454,202</u>
Fund Cash Balances, December 31, 2006	<u>\$331,748</u>	<u>\$204,740</u>	<u>\$536,488</u>
Reserve For Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

PIKE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash

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

D. Fund Accounting

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

**General Fund** - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

PIKE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are reported as Reserves for Encumbrances.

A summary of 2007 and 2006 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.

PIKE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

H. Total Columns on Financial Statements

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

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

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

	2007	2006
Demand deposits	\$517,804	\$536,488

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

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and December 31, 2006 was as follows:

2007 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$533,992	\$580,527	\$46,535
Special Revenue	454,146	527,548	73,402
<b>Total</b>	<b>\$988,138</b>	<b>\$1,108,075</b>	<b>\$119,937</b>

2007 Budget vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$820,000	\$661,390	\$158,610
Special Revenue	622,500	465,369	157,131
<b>Total</b>	<b>\$1,442,500</b>	<b>\$1,126,759</b>	<b>\$315,741</b>

PIKE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

3. **BUDGETARY ACTIVITY** (continued)

2006 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$508,833	\$751,045	\$242,212
Special Revenue	454,388	537,460	83,072
Total	<u>\$963,221</u>	<u>\$1,288,505</u>	<u>\$325,284</u>

2006 Budget vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$750,000	\$698,234	\$51,766
Special Revenue	622,000	507,985	114,015
Total	<u>\$1,372,000</u>	<u>\$1,206,219</u>	<u>\$165,781</u>

4. **PROPERTY TAX**

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

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

Tangible personal property tax is assessed to 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.

PIKE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

5. **RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, OPERS members contributed 9.5% and 9.0% of their wages respectively. The Township contributed an amount equal to 13.85% and 13.70% of participants' gross salaries in 2007 and 2006, respectively. The Township has paid all contributions required through December 31, 2007.

6. **RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

7. **DEBT**

Debt outstanding at December 31, was as follows for each year:

	Interest Rate	Balance 1/1/2006	Additions	Payments	Balance 12/31/2006
Bank Loan	5.50%	\$0	\$51,446	(\$24,965)	\$26,481
	Interest Rate	Balance 1/1/2007	Additions	Payments	Balance 12/31/2007
Bank Loan	5.50%	\$26,481	\$0	(\$24,481)	\$0

The Township obtained a loan through The Bank of Magnolia in 2006 for purchase of a dump truck for the road department. The loan was paid in two installments, at an interest rate of 5.5%. The loan was paid in full in 2007.

**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***

Pike Township  
PO Box 434  
East Sparta, Ohio 44626

To the Township Trustees:

We have audited the financial statements of Pike Township, Stark County (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated December 30, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than the accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2007-01 be a significant deficiency in internal control over financial reporting.

**Pike 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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider items 2007-01 to be a material weakness.

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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompany Schedule of Findings and Responses as items 2007-02.

We noted certain matters that we reported to management of the Township in a separate letter dated December 30, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Township's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and Township Trustess, and is not intended to be and should not be used by anyone other than those specified parties.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

December 30, 2008



PIKE TOWNSHIP  
 STARK COUNTY  
 SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
 YEARS ENDING DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

Finding 2007-01                      Significant Deficiency/Material Weakness

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

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

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

<u>Fund</u>	<u>2006</u>	<u>2007</u>
Road and Bridge	4,566	3,767
Cemetery	966	1,715
Lighting Assessment	124	149
Fire District	1,658	826
Road District	<u>661</u>	<u>551</u>
Total Moved to General Fund	<u>\$7,975</u>	<u>\$7,008</u>

- Homestead and Rollback receipts were all recorded in the General Fund and not allocated to the appropriate funds per property tax distributions as follows:

<u>Fund</u>	<u>2006</u>	<u>2007</u>
Road and Bridge	11,760	13,133
Fire District	5,124	5,201
Road District	<u>808</u>	<u>749</u>
Total Moved from General Fund	<u>\$17,692</u>	<u>\$19,083</u>

- Tangible Personal Property Taxes were all recorded in the General Fund and not allocated to the appropriate funds as follows:

<u>Fund</u>	<u>2006</u>
Road and Bridge	1,039
Fire District	1,039
Road District	<u>519</u>
Total Moved from General Fund	<u>\$2,597</u>

PIKE TOWNSHIP  
STARK COUNTY  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
YEARS ENDING DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

- A bank loan was obtained to purchase a dump truck in 2006. The loan proceeds of \$51,446 were not reflected on the financial statements along with the capital outlay for the purchase of the truck. Debt payments of \$24,965 principal, \$2,899 interest in 2006 and principal of \$26,481 and interest of \$1,334 in 2007 were recorded as capital outlay.
- Estate Taxes of \$5,797 were improperly classified as Miscellaneous Revenue rather than Intergovernmental Revenue in 2007.

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

Officials Response:

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

Finding 2007-02

Noncompliance

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

In both 2007 and 2006 the Township recorded interest to funds other than those identified above. Adjustments to the financial statements have been made to properly reflect the interest allocation and the Township has made the necessary adjustments to appropriate ledgers.

Officials Response:

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



Mary Taylor, CPA  
Auditor of State

**PIKE TOWNSHIP**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 16, 2009**