



**PLEASANT TOWNSHIP
PERRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

PLEASANT TOWNSHIP
PERRY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Pleasant Township
Perry County
10430 Biddison Street
P.O. Box 472
Moxahala, Ohio 43761

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Pleasant Township, Perry County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 5, 2001

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PLEASANT TOWNSHIP
PERRY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 11,663	\$ 15,865	\$	\$	\$ 27,528
Intergovernmental	21,302	57,385			78,687
Licenses, Permits, and Fees		1,330			1,330
Earnings on Investments	2,836	997		51	3,884
Other Revenue	785	1,766			2,551
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	36,586	77,343	0	51	113,980
Cash Disbursements:					
Current:					
General Government	29,105	543		12	29,660
Public Safety		13,036			13,036
Public Works		53,325			53,325
Health		2,337			2,337
Capital Outlay		429			429
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	29,105	69,670	0	12	98,787
Total Cash Receipts Over/(Under) Cash Disbursements	7,481	7,673	0	39	15,193
Fund Cash Balances, January 1	34,107	104,611	104	1,810	140,632
Fund Cash Balances, December 31	<u>\$ 41,588</u>	<u>\$ 112,284</u>	<u>\$ 104</u>	<u>\$ 1,849</u>	<u>\$ 155,825</u>
Reserve for Encumbrances, December 31	\$ 1,246	\$ 3,062	\$ 0	\$ 0	\$ 4,308

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

PLEASANT TOWNSHIP
PERRY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 10,320	\$ 16,199	\$	\$	\$ 26,519
Intergovernmental	17,533	56,210			73,743
Licenses, Permits, and Fees		1,695			1,695
Earnings on Investments	2,346	1,104		49	3,499
Other Revenue	432	600			1,032
	<u>30,631</u>	<u>75,808</u>	<u>0</u>	<u>49</u>	<u>106,488</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	31,261	580		12	31,853
Public Safety		100			100
Public Works		58,211			58,211
Health		1,265			1,265
	<u>31,261</u>	<u>60,156</u>	<u>0</u>	<u>12</u>	<u>91,429</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(630)</u>	<u>15,652</u>	<u>0</u>	<u>37</u>	<u>15,059</u>
Fund Cash Balances, January 1	<u>34,737</u>	<u>88,959</u>	<u>104</u>	<u>1,773</u>	<u>125,573</u>
Fund Cash Balances, December 31	<u>\$ 34,107</u>	<u>\$ 104,611</u>	<u>\$ 104</u>	<u>\$ 1,810</u>	<u>\$ 140,632</u>
Reserve for Encumbrances, December 31	<u>\$ 819</u>	<u>\$ 2,083</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,902</u>

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

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Township, Perry 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 and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Corning and City of New Lexington to provide fire and emergency medical services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Township Clerk invests available funds of the Township in an interest-bearing checking account. The Nonexpendable Trust Funds are maintained in passbook savings accounts.

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) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

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

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund - This fund accounts for resources restricted by legally binding trust agreements and is classified as a Nonexpendable Trust Fund. The agreement requires the Township to maintain the corpus of the trust, which is \$1,000. The interest may be used for the perpetual care of Township cemeteries.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 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.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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>2000</u>	<u>1999</u>
Demand Deposits	<u>\$ 155,825</u>	<u>\$ 140,632</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,496	\$ 36,586	\$ 10,090
Special Revenue	65,280	77,343	12,063
Debt Service	0	0	0
Nonexpendable Trust	0	51	51
Total	\$ 91,776	\$ 113,980	\$ 22,204

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 40,199	\$ 30,351	\$ 9,848
Special Revenue	113,220	72,732	40,488
Debt Service	20	0	20
Nonexpendable Trust	1,800	12	1,788
Total	\$ 155,239	\$ 103,095	\$ 52,144

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 25,670	\$ 30,631	\$ 4,961
Special Revenue	66,320	75,808	9,488
Debt Service	2,500	0	(2,500)
Nonexpendable Trust	0	49	49
Total	\$ 94,490	\$ 106,488	\$ 11,998

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 32,080	\$ (32,080)
Special Revenue	0	62,239	(62,239)
Debt Service	0	0	0
Nonexpendable Trust	0	12	(12)
Total	\$ 0	\$ 94,331	\$ (94,331)

Expenditures exceeded appropriations in all funds for 1999 due to the failure to adopt a permanent appropriations measure.

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 in 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.

6. RETIREMENT SYSTEM

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. The 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Township is insured with private carriers. The following risks are covered:

- General Liability
- Public Officials' Liability
- Vehicles
- Property

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

Pleasant Township
Perry County
10430 Biddison Street
P.O. Box 472
Moxahala, Ohio 43761

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 5, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-41064-001 to 2000-41064-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 5, 2001.

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 over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 5, 2001.

Pleasant Township
Perry County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

June 5, 2001

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-41064-001

Noncompliance Citation

Ohio Rev. Code Section 5705.38 requires that, on or about the first day of each fiscal year, an appropriation measure be adopted. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting ordinary expenses until April 1.

Also, Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall expend any money unless it has been properly appropriated.

In 1999, the Board of Trustees passed a temporary appropriation measure, as permitted by the Ohio Revised Code. However, there was no evidence presented to indicate that a permanent appropriation measure had been adopted by the Board. As a result, the Township expended money throughout 1999 without a properly approved appropriation measure.

We recommend the Township complete and adopt an annual appropriation measure before April 1 and that the permanent measure be filed with the County Auditor and maintained in the Township's files.

FINDING NUMBER 2000-41064-002

Noncompliance Citation

Ohio Rev. Code Section 5705.40 states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

In 1999 and 2000, appropriation amendments were posted to the accounting system; however, amendments were never approved by the Board of Trustees or certified with the County Auditor. This could result in the Township overspending available fund balances. The accompanying budgetary presentation presents only actions the Trustees approved.

We recommend the Township comply with the same provisions of the law as are used in making the original appropriation, when making amendments to appropriations.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-41064-003

Finding for Adjustment

Ohio Rev. Code Section 505.24 states that the Township Trustees shall be paid from the Township General Fund or from such other Township funds in such proportions as the Board may specify by resolution. The salary resolution must allocate the salary distribution from various funds in the same proportion as the Trustees' service bears to the activities supported by such funds, as determined by the Board.

During our audit, we noted that the Trustees were paid a combined total of \$18,141 in 2000 and \$16,942 in 1999. For both years, 100% of the Trustees' salaries were paid from the Gasoline Tax Fund. There was no resolution in effect which indicated that Trustees' salaries should be paid from any fund other than the General Fund.

The Trustees' believed that at least 75% of their salaries should be paid from the Gasoline Tax Fund, based upon the estimated level of service provided by the Trustees during the audit period. Based upon this percentage, a combined total of \$4,535 in 2000 and \$4,236 in 1999 should have been paid from the General Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 505.24, a Finding for Adjustment for monies incorrectly expended is hereby issued against the General Fund and in favor of the Gasoline Tax Fund, in the amount of \$8,771 as of December 31, 2000.

Although these adjustments are reflected in the accompanying financial statements, the Township has not recorded them in their books and records as of the date of this report.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-41064-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.38 for failing to adopt a permanent appropriation resolution.	No	Partially Corrected: The Township did not adopt a permanent appropriation resolution in 1999, but did in 2000. This is repeated in the current audit as finding 2000-41064-001.
1998-41064-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.40 for failing to comply with same provisions of the law as are used in making the original appropriation, for amendments.	No	Partially Corrected: The Township did not formally adopt amendments in 1999, but did in 2000. This is repeated in the current audit as finding 2000-41064-002.
1998-41064-003	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Partially Corrected: Expenditures exceeded appropriations in 1999, but not in 2000. This is repeated in the current audit as finding 2000-41064-003.
1998-31064-004	A material weakness was issued concerning failure to post all receipts and disbursements to the books.	Yes	N/A



STATE OF OHIO
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PLEASANT TOWNSHIP

PERRY 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
JULY 24, 2001**