

***PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Pleasant Township  
10430 Biddison St.  
P.O. Box 472  
Moxhala, OH 43761

We have reviewed the *Report of Independent Accountants* of Pleasant Township, Perry County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

### **Finding For Adjustment:**

Auditor of State Bulletin 97-003 states that advances are intended to temporarily reallocate cash from one fund to another and involve the expectation of repayment. In order to advance cash from one fund to another, there must be statutory authority to use the money in the advancing fund (the creditor fund) for the same purpose for which the fund receiving the cash (the debtor fund) was established. Also, Ohio Revised Code Section 5705.10 (H) states that money paid into a fund shall be used only for the purposes for which such fund has been established.

Contrary to these requirements, the Township advanced \$15,000 from the Gasoline Tax Fund to the General Fund in 2004 to pay the general operating expenses of the Township. The Township has advanced \$13,500 back to the Gasoline Tax Fund with the remaining \$1,500 yet to be repaid.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Adjustment for money illegally expended is hereby issued against the General Fund in the amount of \$1,500, in favor of Gasoline Tax Fund.

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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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. Pleasant Township, Perry County 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

July 13, 2007

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2004 & 2003**

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Rockefeller Building  
614 W Superior Ave Ste1242  
Cleveland OH 44113-1306

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

Phone - (216) 575-1630  
Fax - (216) 436-2411

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### **REPORT OF INDEPENDENT ACCOUNTANTS**

Pleasant Township  
Perry County  
P.O. Box 425  
Moxahala, Ohio 43761

We have audited the accompanying financial statements of Pleasant Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Pleasant Township, Perry County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements and changes in fund cash balances 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 year ended December 31, 2004. 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 July 5, 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, 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 considered in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***

July 5, 2006



PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
All Governmental and Fiduciary Fund Types  
For the Year Ended December 31, 2004

	Governmental Fund Types			Fiduciary Fund Type	Total Memorandum Only
	General	Special Revenue	Debt Service	Nonexpendable Trust	
<b>Receipts:</b>					
Property and Local Taxes	\$ 14,660	\$ 16,719	-	-	\$ 31,379
Licenses, Permits, and Fees	-	900	-	-	900
Intergovernmental	16,029	70,734	-	-	86,763
Earnings on Investments	957	-	-	\$ 3	960
Miscellaneous	959	1,320	-	-	2,279
<b>Total Receipts</b>	<b>32,605</b>	<b>89,673</b>	<b>-</b>	<b>3</b>	<b>122,281</b>
<b>Disbursements:</b>					
General Government	33,287	-	-	-	33,287
Public Safety	-	20,887	-	-	20,887
Public Works	-	52,797	-	-	52,797
Health	-	4,693	-	-	4,693
Debt Service:					
Redemption of Principal	-	8,000	-	-	8,000
Interest and Fiscal Charges	-	3,314	-	-	3,314
<b>Total Disbursements</b>	<b>33,287</b>	<b>89,691</b>	<b>-</b>	<b>-</b>	<b>122,978</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(682)</b>	<b>(18)</b>	<b>-</b>	<b>3</b>	<b>(697)</b>
<b>Other Financing Sources/(Uses):</b>					
Advances-In	1,500	-	-	-	1,500
Advances-Out	-	(1,500)	-	-	(1,500)
<b>Total Other Financing Sources/(Uses)</b>	<b>1,500</b>	<b>(1,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>818</b>	<b>(1,518)</b>	<b>-</b>	<b>3</b>	<b>(697)</b>
<b>Fund Cash Balance, January 1, 2004</b>	<b>8,146</b>	<b>141,731</b>	<b>\$ 94</b>	<b>505</b>	<b>150,476</b>
<b>Fund Cash Balance, December 31, 2004</b>	<b>\$ 8,964</b>	<b>\$ 140,213</b>	<b>\$ 94</b>	<b>\$ 508</b>	<b>\$ 149,779</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 1,139</b>	<b>\$ 2,715</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,854</b>

See Accompanying Notes to the Financial Statements.

PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
All Governmental and Fiduciary Fund Types  
For the Year Ended December 31, 2003

	Governmental Fund Types			Fiduciary	Total Memorandum Only
	General	Special Revenue	Debt Service	Fund Type Nonexpendable Trust	
<b>Receipts:</b>					
Property and Local Taxes	\$ 11,910	\$ 14,121	\$ 2,500	-	\$ 28,531
Charges for Services	-	202	-	-	202
Licenses, Permits, and Fees	-	1,810	-	-	1,810
Intergovernmental	16,976	64,604	-	-	81,580
Earnings on Investments	1,455	-	-	\$ 1	1,456
Miscellaneous	579	900	-	-	1,479
<b>Total Receipts</b>	<b>30,920</b>	<b>81,637</b>	<b>2,500</b>	<b>1</b>	<b>115,058</b>
<b>Disbursements:</b>					
General Government	46,821	-	-	-	46,821
Public Safety	-	6,929	-	-	6,929
Public Works	-	42,048	-	-	42,048
Health	-	4,165	-	-	4,165
Capital Outlay	-	444	-	-	444
Debt Service:					
Redemption of Principal	-	5,500	2,500	-	8,000
Interest and Fiscal Charges	-	3,698	10	-	3,708
<b>Total Disbursements</b>	<b>46,821</b>	<b>62,784</b>	<b>2,510</b>	<b>-</b>	<b>112,115</b>
<b>Total Receipts Over/(Under)</b>					
Disbursements	(15,901)	18,853	(10)	1	2,943
<b>Fund Cash Balance, January 1, 2003</b>	<b>24,047</b>	<b>122,878</b>	<b>104</b>	<b>504</b>	<b>147,533</b>
<b>Fund Cash Balance, December 31, 2003</b>	<b>\$ 8,146</b>	<b>\$ 141,731</b>	<b>\$ 94</b>	<b>\$ 505</b>	<b>\$ 150,476</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 1,198</b>	<b>\$ 2,889</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,087</b>

See Accompanying Notes to the Financial Statements.

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Pleasant Township, Perry County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following 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.)

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

C. CASH

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

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special 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—Receives gasoline excise taxes for constructing, maintaining and repairing Township roads.
- Road and Bridge Fund—Receives property taxes to construct, repair, and maintain Township roads and bridges.

Debt Service Fund: This fund is used to accumulate resources for the payment of indebtedness. The Township had the following significant Debt Service Fund:

- General Note Retirement—Receives property taxes for the retirement of Township debt.

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

Nonexpendable Trust Fund:

- Cemetery Bequest Fund—Maintains the trust corpus. Monies used for maintenance of Township cemeteries.

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2003 and 2004. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

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. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2004</u>	<u>2003</u>
Demand Deposits	<u>\$149,779</u>	<u>\$150,476</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2004.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

4. BUDGETARY ACTIVITY

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

<u>Fund:</u>	<u>2004 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 27,167	\$ 34,105	\$ 6,938
Special Revenue Funds	71,715	89,673	17,958
Debt Service Fund	2,500	-	(2,500)
Nonexpendable Trust	17	3	(14)

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

4. BUDGETARY ACTIVITY – Continued

2004 Budgeted vs Actual Budgetary Basis Expenditures

<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 35,248	\$ 34,426	\$ 822
Special Revenue Funds	148,424	93,906	54,518
Debt Service Fund	-	-	-
Nonexpendable Trust	-	-	-

2003 Budgeted vs Actual Receipts

<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 27,271	\$ 30,920	\$ 3,649
Special Revenue Funds	63,260	81,637	18,377
Debt Service Fund	2,500	2,500	-
Nonexpendable Trust	5	1	(4)

2003 Budgeted vs Actual Budgetary Basis Expenditures

<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 48,835	\$ 48,019	\$ 816
Special Revenue Funds	155,965	65,673	90,292
Debt Service Fund	2,510	2,510	-
Nonexpendable Trust	17	-	17

5. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer plans. 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 prescribed by the Ohio Revised Code. OPERS members contributed 8.5% of their gross pay while the Township contributed an amount equal to 13.55% of covered payroll. The Township paid all required contributions through 2004.

6. RISK MANAGEMENT

RISK POOL MEMBERSHIP

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.



**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

6. RISK MANAGEMENT – (Continued)

RISK POOL MEMBERSHIP – (Continued)

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

Casualty Coverage

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

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

Property Coverage

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

Financial Position

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

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained Earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>
 <u>Property Coverage</u>	 <u>2004</u>	 <u>2003</u>
Assets	\$ 7,799,073	\$ 6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained Earnings	<u>\$ 7,045,167</u>	<u>\$ 6,040,104</u>

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

6. RISK MANANGEMENT – (Continued)

RISK POOL MEMBERSHIP – (Continued)

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

7. DEBT

Debt outstanding at December 31, 2004 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Township Garage Note	\$ 56,980	4.99%

Principal and interest requirements for debt outstanding at December 31, 2004 is as follows:

<u>Year Ended</u>	<u>Township Garage Note</u>
2005	\$59,843

8. ADVANCES

In 2004, an advance was made from the Gasoline Tax Fund to the General Fund in the amount of \$1,500 for the general expenses of the Township. This advance was in violation of Auditor of State Bulletin 97-003, which requires the advancing fund to have statutory authority to use the money for the same purpose as the receiving fund. Also, it was in violation of Ohio Revised Code Section 5705.10, which states that money paid into a fund must be used only for the purposes for which such fund has been established.

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland, OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The Board of Trustees  
Pleasant Township  
P.O. Box 425  
Moxahala, Ohio 43761

We have audited the financial statements of Pleasant Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 5, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls 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 an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control 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 internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated July 5, 2006.

**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, grant agreements and other matters, 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*, which is described in the accompanying schedule of findings as 2004-PLEAS-01. We also noted other matters involving compliance that we have reported to the management of the Township in a separate letter dated July 5, 2006.

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

*Charles E. Harris and Associates, Inc.*  
**July 5, 2006**

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
SCHEDULE OF FINDINGS  
For The Years Ended December 31, 2004 and 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Compliance and Other Matters**

**Finding Number 2004-PLEAS-01:**

Auditor of State Bulletin 97-003 states that advances are intended to temporarily reallocate cash from one fund to another and involve the expectation of repayment. The advancing fund (the creditor fund) must also have statutory authority to use the money for the same purpose which the fund receiving the cash (the debtor fund) was established. Also, Ohio Revised Code Section 5705.10 states that money paid into a fund must be used only for the purposes for which such fund has been established.

Contrary to these requirements, the Township advanced \$1,500 from the Gasoline Tax fund to the General Fund in 2004 to pay the general operating expenses of the Township. The advance had not been repaid as of the date of this report.

We recommend the advance be repaid and the Township follow the requirements of Auditor of State Bulletin 97-003 and Ohio Revised Code Section 5705.10 when advancing money between funds.

The Clerk concurs and stated that \$1,500 would be repaid during 2007.

**PLEASANT TOWNSHIP  
PERRY COUNTY, OHIO  
For the Years Ended December 31, 2004 and 2003**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2002-001	Ohio Rev. Code Section 5705.41(D)- Funds not certified prior to expenditure.	Yes	Purchase orders and Then & Now Certificates used.



**Mary Taylor, CPA**  
Auditor of State

**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 26, 2007**