



**Auditor of State
Betty Montgomery**

PLEASANT TOWNSHIP
LOGAN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Township
Logan County
9861 SR 47 West
DeGraff, Ohio 43318

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Logan County (the "Township"), as of and for the years ended December 31, 2002 and 2001. 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 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 of the Township as of December 31, 2002 and 2001, 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 July 29, 2003, 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.

Pleasant Township
Logan County
Independent Accountants' Report
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 29, 2003

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$17,145	\$21,071		\$38,216
Licenses, Permits, and Fees	3,118			3,118
Intergovernmental	37,412	60,899	174,408	272,719
Earnings on Investments	4,066	2,282		6,348
Miscellaneous Revenue	322			322
Total Cash Receipts	<u>62,063</u>	<u>84,252</u>	<u>174,408</u>	<u>320,723</u>
Cash Disbursements:				
Current:				
General Government	35,422			35,422
Public Safety	4,214			4,214
Public Works	1,128	90,388	174,408	265,924
Health	4,460	131		4,591
Intergovernmental		8,539		8,539
Capital Outlay		702		702
Total Cash Disbursements	<u>45,224</u>	<u>99,760</u>	<u>174,408</u>	<u>319,392</u>
Total Receipts Over/(Under) Disbursements	16,839	(15,508)		1,331
Fund Cash Balances, January 1	<u>164,984</u>	<u>81,747</u>		<u>246,731</u>
Fund Cash Balances, December 31	<u><u>\$181,823</u></u>	<u><u>\$66,239</u></u>		<u><u>\$248,062</u></u>

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

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$14,751	\$16,294		\$31,045
Licenses, Permits, and Fees	1,697			1,697
Intergovernmental	110,796	59,904	15,272	185,972
Earnings on Investments	4,279	3,399		7,678
Miscellaneous Revenue	3,002	15		3,017
				<hr/>
Total Cash Receipts	<u>134,525</u>	<u>79,612</u>	<u>15,272</u>	<u>229,409</u>
Cash Disbursements:				
Current:				
General Government	37,441			37,441
Public Safety	4,600			4,600
Public Works	23,228	48,186		71,414
Health	11,356	130		11,486
Intergovernmental		5,596		5,596
Capital Outlay		255	15,272	15,527
				<hr/>
Total Cash Disbursements	<u>76,625</u>	<u>54,167</u>	<u>15,272</u>	<u>146,064</u>
Total Receipts Over Disbursements	57,900	25,445		83,345
Other Financing Receipts				
Sale of Fixed Assets		9,400		9,400
				<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	57,900	34,845		92,745
Fund Cash Balances, January 1	<u>107,084</u>	<u>46,902</u>		<u>153,986</u>
Fund Cash Balances, December 31	<u><u>\$164,984</u></u>	<u><u>\$81,747</u></u>		<u><u>\$246,731</u></u>

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

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Township contracts with the Village of DeGraff, Miami Township Fire Department, and Maplewood Community Fire Department to provide fire services and contracts with Miami Township Emergency Medical Services and Riverside Emergency Medical Services for ambulance services.

The residents of the Township support the Greenwood Union Cemetery through a tax levy. This relationship is further described in Note 4.

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 (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

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road and Bridge Fund - This fund receives tax money to pay for constructing, maintaining and repairing Township roads and bridges.

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

3. Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Ohio Public Work Commission – This fund received a grant from the State of Ohio for Township road maintenance.

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 or 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 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
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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:

	2002	2001
Demand deposits	\$129,415	\$140,638
Certificates of Deposit	118,647	106,093
Total Deposits	\$248,062	\$246,731

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township. The Township did not have adequate collateral to insure its deposits which violates the requirements of Ohio Rev. Code Sections 135.18 and 135.181(B).

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,000	\$62,063	(\$937)
Special Revenue	89,789	84,252	(5,537)
Capital Projects	214,452	174,408	(40,044)
Total	\$367,241	\$320,723	(\$46,518)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditure	Variance
General	\$132,910	\$45,224	\$87,686
Special Revenue	160,517	99,760	60,757
Capital Projects	214,452	174,408	40,044
Total	\$507,879	\$319,392	\$188,487

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,200	\$134,525	\$72,325
Special Revenue	79,137	89,012	9,875
Capital Projects	15,272	15,272	0
Total	\$156,609	\$238,809	\$82,200

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,900	\$76,625	\$91,275
Special Revenue	125,096	54,167	70,929
Capital Project	15,272	15,272	0
Total	\$308,268	\$146,064	\$162,204

The Township recorded restricted revenue in the wrong fund which violated the requirements of Ohio Rev. Code Section 5705.10.

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 January 20. The second half payment is due the following July 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX (Continued)

The residents of the Township support the Greenwood Union Cemetery through a voted millage tax levy. This levy is reflected on the Township's financial statements in memo entry only, which means the tax levy proceeds are not actually received and disbursed by the Township. During 2002 and 2001, the Cemetery received tax revenue from the residents of the Township. The Logan County Auditor distributes these tax levies directly to Greenwood Union Cemetery.

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Risk Pool Membership

The Township has coverage for the following risks:

- Commercial property coverage
- Commercial general liability coverage
- Employee benefits liability policy
- Commercial auto coverage
- Commercial Inland Marine Coverage

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

Pleasant Township
Logan County
9861 SR 47 West
DeGraff, Ohio 43318

To the Board of Trustees:

We have audited the financial statements of Pleasant Township, Logan County (the "Township"), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 29, 2003. 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.

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 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 29, 2003.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 29, 2003.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Pleasant Township
Logan County
Independent Accountants' Report on Compliance and
On Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 29, 2003

PLEASANT TOWNSHIP
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-001

Finding for Recovery

26 C.F.R. Section 31.3102-1 states that the employer shall collect from each employee the employee tax with respect to wages for employment performed for the employer by the employee. The employer is required to pay this amount to the Internal Revenue Service. **Instructions for Form 941** of the employer's quarterly federal tax return state that on line 3 the employer should report the income tax withheld on wages.

During 2002, the Clerk remitted \$4,864 of federal withholdings while the payroll records indicated that only \$4,276 had been withheld from the wage of employees, which results in an overpayment of \$588. During 2001, the Clerk remitted \$4,543 of federal withholdings while the payroll records indicated that only \$4,098 had been withheld from the wage of employees, which results in an overpayment of \$445. These overpayments were the result of the Clerk incorrectly completing the 941 Forms.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Joan Downing, Clerk, and her bonding company, jointly and severally, in the amount of \$1,033 and in favor of Pleasant Township.

The Township should implement monitoring procedures to help assure that the correct amount of withholdings is remitted. In addition, the Township should attempt to collect overpayments made in previous years.

FINDING NUMBER 2002-002

Noncompliance

Ohio Rev. Code Section 135.18 states that the treasurer, before making the initial deposit in a public depository pursuant to an award made under Sections 135.01 to 135.21 of the Revised Code, shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value. These securities must be equal to the excess of the amount of public moneys to be at the time so deposited, over and above such portion or amount of such moneys as is at such time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government. **Ohio Rev. Code Section 135.181 (B)**, states that in lieu of the pledging requirements prescribed in Sections 135.18 of the Revised Code, an institution designated as a public depository at its option may pledge a single pool of eligible securities to secure the repayment of all public moneys deposited in the institution.

At December 31, 2002 and 2001, the Township had deposits of \$248,731 and \$246,731 respectively. However, the Township's public depository had only pledged \$100,000 of collateral for deposits in excess of \$100,000. This resulted in the Township having inadequate collateral for its deposits of \$48,731 at December 31, 2002, and \$46,731 at December 31, 2001. By not obtaining adequate collateral, the Township could incur financial loss in the event of failure by its public depository.

The Township should implement review procedures to help assure that adequate collateral has been pledged by its public depository.

FINDING NUMBER 2002-003

Noncompliance

Ohio Rev. Code Section 5705.10 states that all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

During 2001 and 2002, the Clerk incorrectly posted the rollback and homestead revenue belonging to the Road and Bridge Fund to the General Fund.

The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts. The financial statements in this report reflect these adjustments. These adjustments had the following net effect upon the respective fund type balances:

	General Fund	Road and Bridge Fund
2001	(\$1,271)	\$1,271
2002	(\$1,474)	\$1,474

The Township should implement review procedures to help identify incorrect revenue postings. Monthly revenue reports should be presented to the Trustees for their review and approval.

FINDING NUMBER 2002-004

Noncompliance

Ohio Rev. Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 for townships, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

FINDING NUMBER 2002-004
(Continued)

Approximately twelve percent of the transactions during the audit period were not certified by the Clerk prior to making orders for the expenditure of Township funds. In addition, neither of the two exceptions above was utilized for these transactions. Procedures should be implemented not only to help ensure compliance with this requirement, but to help prevent the unauthorized obligation of Township funds.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

PLEASANT TOWNSHIP

LOGAN 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
SEPTEMBER 9, 2003**