



**Auditor of State
Betty Montgomery**

**PLEASANT TOWNSHIP
MADISON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Township
Madison County
8095 Robinson Road
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 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 December 31, 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 April 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.

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.

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

BETTY MONTGOMERY
Auditor of State

April 29, 2003

**PLEASANT TOWNSHIP
MADISON 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, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
Cash Receipts:				
Local Taxes	\$24,610	\$44,365	\$0	\$68,975
Intergovernmental	56,364	48,109	0	104,473
Special Assessments	693	288	0	981
Earnings on Investments	2,273	135	469	2,877
Other Revenue	2,076	0	0	2,076
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	86,016	92,897	469	179,382
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	73,139	0	0	73,139
Public Safety	125	42,763	0	42,888
Public Works	353	61,010	0	61,363
Capital Outlay	800	0	0	800
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	74,417	103,773	0	178,190
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	11,599	(10,876)	469	1,192
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	85,103	69,295	11,761	166,159
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>96,702</u>	<u>58,419</u>	<u>12,230</u>	<u>167,351</u>

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

**PLEASANT TOWNSHIP
MADISON 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, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
Cash Receipts:				
Local Taxes	\$24,577	\$52,655	\$0	\$77,232
Intergovernmental	79,192	67,759	0	146,951
Special Assessments	0	0	0	0
Earnings on Investments	6,847	59	610	7,516
Other Revenue	2,355	753	0	3,108
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	112,971	121,226	610	234,807
Cash Disbursements:				
Current:				
General Government	51,772	0	0	51,772
Public Safety	125	38,774	0	38,899
Public Works	12,042	35,766	0	47,808
Health	0	43,384	0	43,384
Miscellaneous	7,766	0	0	7,766
Capital Outlay	6,393	40,251	0	46,644
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	78,098	158,175	0	236,273
Total Receipts Over/(Under) Disbursements	34,873	(36,949)	610	(1,466)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	50,230	106,244	11,151	167,625
Fund Cash Balances, December 31	<hr/> \$85,103 <hr/>	<hr/> \$69,295 <hr/>	<hr/> \$11,761 <hr/>	<hr/> \$166,159 <hr/>

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

**PLEASANT TOWNSHIP
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Township, Madison 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 road and bridge maintenance, and cemetery maintenance. The Township contracts with the Tri County Joint Fire District to provide fire services and Sterling Joint Ambulance District to provide ambulance 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.

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

C. Cash and Investments

Investments are reported as assets. 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.

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:

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

**PLEASANT TOWNSHIP
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (Continued)

Fire District Fund – This fund receives real estate and personal property tax money to pay Tri County Joint Fire District for fire protection services.

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:

Expendable Trust Fund – This fund receives interest earned on a principal amount of which both are expendable.

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 and 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 canceled, and reappropriated in the subsequent year.

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
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 – 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 at December 31 was as follows:

	2002	2001
Demand deposits	\$77,351	\$76,141
Certificates of deposit	90,000	90,018
Total deposits	\$167,351	\$166,159

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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	\$45,513	\$86,016	\$40,503
Special Revenue	103,736	92,897	(10,839)
Fiduciary	500	469	(31)
Total	\$149,749	\$179,382	\$29,633

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,052	\$74,417	\$37,635
Special Revenue	163,350	103,773	59,577
Fiduciary	1,500	0	1,500
Total	\$276,902	\$178,190	\$98,712

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,848	\$112,971	\$73,123
Special Revenue	116,084	121,226	5,142
Fiduciary	500	610	110
Total	\$156,432	\$234,807	\$78,375

**PLEASANT TOWNSHIP
MADISON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,450	\$78,098	\$14,352
Special Revenue	206,886	158,175	48,711
Fiduciary	1,500	0	1,500
Total	\$300,836	\$236,273	\$64,563

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.

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.

5. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plans. These plans provide 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Inland Marine Coverage; and
- Errors and omissions.

**PLEASANT TOWNSHIP
MADISON COUNTY**

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

7. JOINTLY GOVERNED ORGANIZATIONS

The Pleasant/Darby Joint Cemetery provides grounds maintenance, opening and closing of graves, and sales of grave lots for Pleasant and Darby Townships. The Cemetery is directed by an appointed three-member Board of Trustees. One member of the Board is appointed by Pleasant Township, one member by Darby Township, and the third member is appointed by the two members that are appointed by the member Townships.

These entities also provide funding to meet the Cemetery's operating cost under the agreement which established the Cemetery. Pleasant Township contributed \$43,384 in 2001. Pleasant Township did not contribute monies to the Cemetery in 2002, however, the Township owes the Cemetery \$25,281.

The Sterling Joint Ambulance District (the District) provides ambulance services within the District. The District is directed by an appointed eight-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Stokes Township, Village of South Solon, Range Township, Village of Midway, Pleasant Township, Village of Mount Sterling, Darby Township, and Monroe Township.

The Tri County Joint Fire District, Madison County, is directed by an appointed five member Board of Trustees. The Board is appointed by the Village of Mount Sterling, Madison County; Pleasant Township, Madison County; Darby Township, Pickaway County; and Madison Township, Fayette County. These entities also provide funding to meet the District's operation cost under the agreement which established the District. Pleasant Township contributed \$42,763 and \$38,774 in 2002 and 2001 respectively.

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**Auditor of State
Betty Montgomery**

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

Pleasant Township
Madison County
8095 Robinson Road
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated April 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 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 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 April 29, 2003.

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Pleasant Township
Madison County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely 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.

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BETTY MONTGOMERY
Auditor of State

April 29, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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PLEASANT TOWNSHIP

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 21, 2003**