

**Pleasant Township
Clark County, Ohio
Financial Statements
December 31, 2008 and 2007**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Pleasant Township
P.O. Box 39
Catawba, Ohio 43010

We have reviewed the *Independent Auditors' Report* of Pleasant Township, Clark County, prepared by Taylor, Applegate, Hughes & Associates, Ltd., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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

Mary Taylor, CPA
Auditor of State

September 3, 2009

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Pleasant Township
Clark County, Ohio

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INDEPENDENT AUDITORS' REPORT

Pleasant Township
P.O. Box 39
Catawba, Ohio 43010

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Clark County, Ohio, (the Township), as of and for the years ended December 31, 2008 and 2007. 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.

Revision to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. 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

Pleasant Township
P.O. Box 39
Catawba, Ohio 43010

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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 years ended December 31, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects the combined fund cash balances of Pleasant Township, Clark County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2008 and 2007. 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 a report dated June 25, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of than audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
June 25, 2009

**PLEASANT TOWNSHIP
CLARK COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and other local taxes	33,222	339,171		372,393
Charges for Services	-	8,500		8,500
Licenses, permits and fees	10,059	111,942		122,001
Intergovernmental	516,197	124,100		640,297
Earnings on investments	857	7,713	9,461	18,031
Miscellaneous	22,153	20,672	200	43,025
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	582,488	612,098	9,661	1,204,247
Cash Disbursements:				
Current:				
General government	68,748	-		68,748
Public safety	-	293,663		293,663
Public works	-	223,616		223,616
Health	-	-	12,571	12,571
Debt Service:				
Redemption of Principal		17,967		17,967
Interest and Fiscal Charges	-	2,229	-	2,229
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	68,748	537,475	12,571	618,794
Total receipts over/(under) disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	513,740	74,623	(2,910)	585,453
Fund cash balances January 1, 2008	3,731	237,501	84,039	325,271
Fund cash balances, December 31, 2008	<hr/>	<hr/>	<hr/>	<hr/>
	517,471	312,124	81,129	910,724
Reserve for encumbrance, December 31, 2008	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-

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

**PLEASANT TOWNSHIP
CLARK COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and other local taxes	29,744	269,331		299,075
Charges for Services	-	7,500		7,500
Licenses, permits and fees	11,194	82,092		93,286
Intergovernmental	34,830	161,688		196,518
Earnings on investments	6,074	6,707	7,323	20,104
Miscellaneous	8,874	19,271	-	28,145
Total Cash Receipts	90,716	546,589	7,323	644,628
Cash Disbursements:				
Current:				
General government	97,383	-		97,383
Public safety	-	230,148		230,148
Public works	-	223,469		223,469
Health	-	34,623	4,666	39,289
Debt Service:				
Redemption of Principal		22,611		22,611
Interest and Fiscal Charges	-	3,211	-	3,211
Total Cash Disbursements	97,383	514,062	4,666	616,111
Total receipts over/(under) disbursements	(6,667)	32,527	2,657	28,517
Fund cash balances January 1, 2007	10,398	204,974	81,382	296,754
Fund cash balances, December 31, 2007	3,731	237,501	84,039	325,271
Reserve for encumbrance, December 31, 2007	-	-	-	-

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

**PLEASANT TOWNSHIP
CLARK COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pleasant Township, Clark County, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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 reports all financial resources except those required to be accounted for in another fund.

**PLEASANT TOWNSHIP
CLARK COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Fund Accounting, Continued

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.

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing state highways through the Township.

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

Cemetery Fund - This fund receives money from the sale of grave plots and for the opening and closing of grave sites, for the purpose of maintenance and upkeep of the cemeteries.

Fire District – This fund receives tax money and donations for providing fire protection.

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earning, not principal, are available to support the Township's programs. The Township had the following significant fund:

Cemetery Trust Fund – This fund receives interest earned on the nonexpendable corpus from trust agreement. The earnings are used for the general maintenance and upkeep of the Township's cemetery.

**PLEASANT TOWNSHIP
CLARK COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 the 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 canceled, and re-appropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**PLEASANT TOWNSHIP
CLARK COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 835,724	\$ 250,271
Investment trust account	<u>75,000</u>	<u>75,000</u>
Total deposits	<u>\$ 910,724</u>	<u>\$ 325,271</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Various stocks were willed to the Township and only interest can be used for the maintenance of the Asbury Chapel Cemetery.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budget vs. Actual Receipts			
	Budgeted		
<u>Fund Type</u>	<u>Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$75,857	\$ 582,488	\$506,631
Special Revenue	581,355	612,098	30,743
Permanent	<u>8,000</u>	<u>9,661</u>	<u>1,661</u>
Total	<u>\$665,212</u>	<u>\$1,204,247</u>	<u>\$539,035</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
<u>Fund Type</u>	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$80,704	\$68,748	\$11,956
Special Revenue	818,849	537,475	281,374
Permanent	<u>15,925</u>	<u>12,571</u>	<u>3,354</u>
Total	<u>\$915,478</u>	<u>\$618,794</u>	<u>\$296,684</u>

**PLEASANT TOWNSHIP
CLARK COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

3. BUDGETARY ACTIVITY, Continued

2007 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$100,155	\$90,716	\$9,439
Special Revenue	596,596	546,589	50,007
Permanent	<u>13,000</u>	<u>7,323</u>	<u>5,677</u>
Total	<u>\$709,751</u>	<u>\$644,628</u>	<u>\$65,123</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$111,660	\$97,383	\$14,277
Special Revenue	801,505	514,062	287,443
Permanent	<u>13,000</u>	<u>4,666</u>	<u>8,334</u>
Total	<u>\$926,165</u>	<u>\$616,111</u>	<u>\$310,054</u>

4. PROPERTY TAXES

Real property taxes become a lien on January 1 proceeding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 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
CLARK COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ambulance	\$38,312	4.30%

Amortization of the above debt, including interest, is scheduled as follows:

	<u>Ambulance</u>
Year ending December 31:	
2009	\$20,196
2010	<u>20,196</u>
Total	<u>\$40,392</u>

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include retirement benefits, postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, members of OPERS contributed 10.0 and 9.5 percent, respectively, of their wages. The Township contributed an amount equal to 14.00 and 13.85 percent of their wages to OPERS for the years ending 2008 and 2007, respectively. The Township has paid all contributions required through December 31, 2008. During 2008 the Trustees approved to pay \$3,120 for a purchase service credit for the Fiscal Officer who retired.

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

**PLEASANT TOWNSHIP
CLARK COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

7. RISK MANAGEMENT, continued

A. Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Townships can elect up to \$10 million in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

B. Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**PLEASANT TOWNSHIP
CLARK COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

7. RISK MANAGEMENT, continued

C. Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principals, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

The Township's share of these unpaid claims collectible in future years is approximately \$20,348. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made OTARMA for each year of membership.

Township Contributions to OTARMA

2008	\$10,174
2007	\$ 9,634
2006	\$11,951

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.



TaylorApplegateHughes

AND ASSOCIATES, LTD

CERTIFIED PUBLIC
ACCOUNTANTS +
BUSINESS ADVISORS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Pleasant Township
P.O. Box 39
Catawba, Ohio 43010

To the Board of Trustees:

We have audited the financial statements of Pleasant Township, Clark County, (the Township) as of and for the years ended December 31, 2008, and 2007, and have issued our report thereon dated June 25, 2009, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting


In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting 2008-01 through 2008-04.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe findings 2008-01 through 2008-04 are also material weaknesses.

Compliance

As part of reasonably assuring whether the Township's financial statements are free of material misstatements, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially effect 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 or others matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings item 2008-01 through 2008-04. We noted other certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated June 25, 2009.

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

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
June 25, 2009

**PLEASANT TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-01

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

"Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 Township can authorize the drawing of the warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 Township.

Blanket Certificate – Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority effective September 26, 2003) against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for any amount for expenditures

and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The Township failed to properly certify a material amount of expenditures tested. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Township Clerk should certify that the funds are or will be available prior to the obligation by the Township, as available.

Client Response: The Board of Trustees and Fiscal Officer feel this finding is due to the conversion to the UAN system, the inexperience of the new Fiscal Officer and past procedures of the last Fiscal Officer. All members believe this will be corrected in the future with the on-going knowledge acquired by the fiscal officer.

FINDING NUMBER 2008-02

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.10 requires money paid into any fund shall be used only for the purpose for which such fund is established. Deficit fund balances denote that other funds' monies were used to cover expenditures. The Road District Fund had a deficit balance of \$2,479 at December 31, 2008. The deficit balance resulted from audit adjustments made for Road District Fund disbursements that were originally posted to the Motor Vehicle and Gasoline Fund.

We recommend the Fiscal Officer and Trustees monitor revenue and expenditure postings to the funds in order to detect and correct posting errors timely.

Client Response: The Board of Trustees and Fiscal Officer feel this finding is due to the conversion to the UAN system, the inexperience of the new Fiscal Officer and past procedures of the last Fiscal Officer. All members believe this will be corrected in the future with the on-going knowledge acquired by the fiscal officer.

FINDING NUMBER 2008-03

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.36 states that on or about the fifth day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor to the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705-281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The current fiscal officer could not verify the Certificate was filed for 2007 by the prior fiscal officer.

Client Response: The Board of Trustees and Fiscal Officer feel this finding is due to the conversion to the UAN system, the inexperience of the new Fiscal Officer and past procedures of the last Fiscal Officer. All members believe this will be corrected in the future with the on-going knowledge acquired by the fiscal officer.

FINDING NUMBER 2008-04

Noncompliance/Material Weakness

Ohio Admin Code Section 117-2-02(D) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirement and prepare financial statements.

During our fieldwork, the Fiscal Officer had difficulties locating the required compliance reports that were filed by the previous Fiscal Officer. The Township should exercise due care when preparing and sending out documentation to other governmental agencies.

Client Response: The Board of Trustees and Fiscal Officer feel this finding is due to the conversion to the UAN system, the inexperience of the new Fiscal Officer and past procedures of the last Fiscal Officer. All members believe this will be corrected in the future with the on-going knowledge acquired by the fiscal officer.

**PLEASANT TOWNSHIP
CLARK COUNTY**

**SCHEDULE OR PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Financial control procedures - memo entry not recorded in records for purchase of ambulance	Yes	Finding no longer valid.
2006-002	ORC 5705.41(D) – not properly certifying the availability of funds prior to incurring purchase obligations.	No	Repeated as Finding 2008-01



Mary Taylor, CPA
Auditor of State

PLEASANT TOWNSHIP

CLARK 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 17, 2009**