

**PLEASANT TOWNSHIP
MADISON COUNTY
Regular Audit
For the Years Ended December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

January 13, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST
Auditor of State

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Mary Taylor, CPA

Auditor of State

Board of Trustees
Pleasant Township
128 Mt View Ct
Mt Sterling, Ohio 43143

We have reviewed the *Independent Accountants' Report* of Pleasant Township, Madison County, prepared by Perry & Associates, Certified Public Accountants, A. C., 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 Accountants' 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 Accountants' 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

January 3, 2011

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**PLEASANT TOWNSHIP
MADISON 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, 2008.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing</i> Standards.....	12
Schedule of Audit Findings.....	14
Schedule of Prior Audit Findings.....	16

Perry & Associates
Certified Public Accountants, A.C.

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INDEPENDENT ACCOUNTANTS' REPORT

November 24, 2010

Pleasant Township
Madison County
128 Mt. View Ct.
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, 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 our audit provides a reasonable basis for our opinion.

The accompanying financial statements present receipts and disbursements by fund type totals only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. 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 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 their changes in financial position for the years then ended.

Also, in our opinion, except for the omission of receipt and disbursement classifications, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances for Pleasant Township, Madison County, as of December 31, 2008 and 2007, and its combined unclassified cash receipts and unclassified cash disbursements for the years then ended on the basis of accounting described in Note 1.

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 November 24, 2010, 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 of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**PLEASANT TOWNSHIP
MADISON 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>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Cash Receipts	\$ 151,060	\$ 92,387	\$ 243,447
Total Cash Receipts	<u>151,060</u>	<u>92,387</u>	<u>243,447</u>
Cash Disbursements:			
Cash Disbursements	<u>86,543</u>	<u>70,481</u>	<u>157,024</u>
Total Cash Disbursements	<u>86,543</u>	<u>70,481</u>	<u>157,024</u>
Total Cash Receipts Over/(Under) Disbursements	<u>64,517</u>	<u>21,906</u>	<u>86,423</u>
Fund Cash Balances, January 1	<u>85,710</u>	<u>152,584</u>	<u>238,294</u>
Fund Cash Balances, December 31	<u>\$ 150,227</u>	<u>\$ 174,490</u>	<u>\$ 324,717</u>
Reserve For Encumbrances, December 31	<u>\$ 27,723</u>	<u>\$ 21,405</u>	<u>\$ 49,128</u>

See accompanying notes to the financial statements

**PLEASANT TOWNSHIP
MADISON 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Cash Receipts	\$ 142,026	\$ 102,348	\$ 244,374
Total Cash Receipts	<u>142,026</u>	<u>102,348</u>	<u>244,374</u>
Cash Disbursements:			
Cash Disbursements	<u>67,578</u>	<u>51,630</u>	<u>119,208</u>
Total Cash Disbursements	<u>67,578</u>	<u>51,630</u>	<u>119,208</u>
Total Cash Receipts Over/(Under) Disbursements	<u>74,448</u>	<u>50,718</u>	<u>125,166</u>
Fund Cash Balances, January 1 (Restated See Note #8)	<u>11,262</u>	<u>101,866</u>	<u>113,128</u>
Fund Cash Balances, December 31	<u>\$ 85,710</u>	<u>\$ 152,584</u>	<u>\$ 238,294</u>
Reserve For Encumbrances, December 31	<u>\$ 6,034</u>	<u>\$ 6,651</u>	<u>\$ 12,685</u>

See accompanying notes to the financial statements

**PLEASANT TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Township, Madison County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly-elected Fiscal Officer. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Tri-County Joint Fire District to provide fire protection services and Sterling Joint Ambulance District provides the Township with emergency and 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 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 Township did not classify its receipts and disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-02-02(A) (effective July 1, 2000). This Ohio Administrative Code Section requires classifying receipts and disbursements.

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

C. Deposits

The Township Fiscal Officer invests funds of the Township in an interest-bearing checking account. The Township also maintains Certificates of Deposit.

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.

**PLEASANT TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

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

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. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 5.

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.

**PLEASANT TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. EQUITY IN POOLED DEPOSITS

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 304,717	\$ 218,294
Certificates of Deposit	<u>20,000</u>	<u>20,000</u>
Total Deposits and Investments	<u>\$ 324,717</u>	<u>\$ 238,294</u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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.

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

4. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 2008 and 2007, members of PERS contributed 10% and 9.5% of their gross salaries. The Township contributed an amount equal to 14% and 13.85% of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**PLEASANT TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,896	\$ 151,060	\$ 96,164
Special Revenue	83,828	92,387	8,559
Total	<u>\$ 138,724</u>	<u>\$ 243,447</u>	<u>\$ 104,723</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 268,137	\$ 114,266	\$ 153,871
Special Revenue	202,801	91,886	110,915
Total	<u>\$ 470,938</u>	<u>\$ 206,152</u>	<u>\$ 264,786</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 51,041	\$ 142,026	\$ 90,985
Special Revenue	83,829	102,348	18,519
Total	<u>\$ 134,870</u>	<u>\$ 244,374</u>	<u>\$ 109,504</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 188,724	\$ 73,612	\$ 115,112
Special Revenue	132,545	58,281	74,264
Total	<u>\$ 321,269</u>	<u>\$ 131,893</u>	<u>\$ 189,376</u>

**PLEASANT TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RISK MANAGEMENT

Risk Pool Membership

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 local governments. OTARMA provides property and casualty coverage for its members. 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 Insurance

For occurrences prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, and provides up to \$1,750,000 per claim and \$10,000,000 in aggregate per year.

For occurrences on or after January 1, 2006, OTARMA retains casualty risk up to \$350,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contribution to APEEP. APEEP reinsures claim exceeding \$350,000, and provides up to \$2,650,000 per claim and \$10,000,000 in aggregate per year.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. Governments can elect additional coverage of \$3,000,000 to \$13,000,000 with General Reinsurance Corporation, through contracts with OTARMAR.

Property Insurance

Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined OTARMA members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit.

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 OTARMA member.

**PLEASANT TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RISK MANAGEMENT (Continued)

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

<u>Casualty & Property Coverage</u>	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets - unrestricted	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, casualty coverage liabilities noted above include approximately \$10.9 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, 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 \$5,853. 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 to OTARMA for each year of membership.

7. JOINTLY GOVERNED ORGANIZATIONS

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

The Sterling Joint Ambulance District (the District) provides ambulance services within the District. The District is direct 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.

**PLEASANT TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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, Madison County; and Madison County, Fayette County.

8. PRIOR PERIOD FUND BALANCE RESTATEMENT

The Township made a fund balance adjustment during 2007 to correct errors found during cash reconciliations. These adjustments were to 2006 and affected 2007 beginning balances.

	Fund Balances at December 31, 2006	Adjustment	Fund Balances at January 1, 2007
General	\$25,498	(\$14,236)	\$11,262
Special Revenue	\$102,514	(\$648)	\$101,866

Perry & Associates
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

November 24, 2010

Pleasant Township
Madison County
128 Mt. View Ct.
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the financial statements of **Pleasant Township, Madison County**, Ohio (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated November 24, 2010, which was qualified since the Township did not classify receipts and disbursements in the financial statements and 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 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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2008-001 through 2008-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 24, 2010.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**PLEASANT TOWNSHIP
MADISON COUNTY**

**SCHEDULE OF AUDIT 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 2008-001

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During our testing of receipts and expenditures during 2008 and 2007, we determined a significant number were misclassified or not posted correctly. For example;

- Rollback Tax receipts were recorded as Property and Other Local Taxes, instead of Intergovernmental Revenue in 2008 and 2007.
- Intergovernmental receipts were recorded as Miscellaneous Revenue in 2008 and 2007.
- Checks were voided on the accounting system but cleared on bank statement in the General and Gasoline Tax Funds in 2008 and 2007.
- Investment earnings were not posted correctly in the General Fund in 2008 and 2007.

Based on these numerous misclassifications, the financial statements were presented with receipts and disbursements in total by fund type only.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. We also recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-002

Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks, voided checks and other reconciling items were not detailed to enable a proper reconciliation to be performed. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous errors which remained undetected and/or uncorrected until the audit. The extensive problems with these reconciliations resulted in the need for the Township to obtain from the Auditor of State's office detailed proofs of cash for each month and a reconstruction of the cash book for the entire audit period.

**PLEASANT TOWNSHIP
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS (Continued)
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 2008-002 (Continued)

Bank Reconciliations (Continued)

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Board of Trustees for their review and use in managing the Township. The Fiscal Officer should reconcile activity entered in the receipts ledger and appropriations ledger to the cashbook.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-003

Material Weakness

Payroll Procedures

During 2008, The Township prepared the quarterly payroll taxes, pension payments, year-end payroll reports and employees and officials W-2's from payroll information posted to the payroll register.

During 2008, The Township Fiscal Officer made a posting to the payroll register to reflect a payroll payment for the Township Fiscal Officer and the three Township Trustees. Upon review, it was determined these checks were never issued to the Township employees, but were posted in error. The Township Fiscal Officer used these check amounts in determining the total gross payroll for the quarter and calculated the employer's share of payroll withholdings and pension taxes were overstated. In addition, these employees W-2's have reflected this extra payroll amount in their annual gross income.

We recommend the Township Fiscal Officer contact the affected governmental agencies and make the necessary corrections.

Management's Response – We did not receive a response from officials to this finding.

**PLEASANT TOWNSHIP
MADISON COUNTY**

**SCHEDULE OF 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	ORC Section 5705.36 (A)(2) – Amended Certificates for Estimated Resources.	No	Repeated in Management Letter.
2006-002	ORC Section 5705.39 – Appropriations Exceeded Total Estimated Resources	No	Repeated in Management Letter.
2006-003	ORC Section 5705.41(D) – Expenditures not Properly Encumbered.	No	Repeated in Management Letter.
2006-004	Maintenance of Records – Invoices Missing from Voucher Packages.	No	Repeated in Management Letter.

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Mary Taylor, CPA
Auditor of State

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
JANUARY 13, 2011**