



**PLEASANT TOWNSHIP
HANCOCK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

PLEASANT TOWNSHIP
HANCOCK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Pleasant Township
Hancock County
3785 County Road 53
McComb, Ohio 45858-9711

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Hancock County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide 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 and reserves for encumbrances of the Township as of December 31, 2000 and 1999, 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 May 3, 2001 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 audits.

Pleasant Township
Hancock County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of the 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.

Jim Petro
Auditor of State

May 3, 2001

**PLEASANT TOWNSHIP
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$56,260	\$22,860	\$79,120
Intergovernmental	85,691	68,109	153,800
Charges for Services	4,000	4,417	8,417
Earnings on Investments	10,361	2,385	12,746
	<u>156,312</u>	<u>97,771</u>	<u>254,083</u>
Total Cash Receipts			
	<u>156,312</u>	<u>97,771</u>	<u>254,083</u>
Cash Disbursements:			
Current:			
General Government	82,919		82,919
Public Safety	23,767		23,767
Public Works		184,212	184,212
Health	11,403		11,403
Capital Outlay	69,177		69,177
	<u>187,266</u>	<u>184,212</u>	<u>371,478</u>
Total Cash Disbursements			
	<u>187,266</u>	<u>184,212</u>	<u>371,478</u>
Total Disbursements Over Receipts	<u>(30,954)</u>	<u>(86,441)</u>	<u>(117,395)</u>
Other Financing Receipts:			
Sale of Fixed Assets	13,394		13,394
	<u>13,394</u>		<u>13,394</u>
Excess of Cash Disbursements Over Cash Receipts and Other Financing Receipts	<u>(17,560)</u>	<u>(86,441)</u>	<u>(104,001)</u>
Fund Cash Balances, January 1	<u>223,695</u>	<u>161,196</u>	<u>384,891</u>
Fund Cash Balances, December 31	<u><u>\$206,135</u></u>	<u><u>\$74,755</u></u>	<u><u>\$280,890</u></u>
Reserve for Encumbrances, December 31	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

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

**PLEASANT TOWNSHIP
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$56,504	\$22,744	\$79,248
Intergovernmental	97,420	67,097	164,517
Charges for Services	4,000		4,000
Earnings on Investments	7,739	1,398	9,137
	<u>165,663</u>	<u>91,239</u>	<u>256,902</u>
Cash Disbursements:			
Current:			
General Government	66,467		66,467
Public Safety	16,040		16,040
Public Works		38,584	38,584
Health	10,367		10,367
Capital Outlay	31,926		31,926
	<u>124,800</u>	<u>38,584</u>	<u>163,384</u>
Total Cash Disbursements	<u>124,800</u>	<u>38,584</u>	<u>163,384</u>
Total Receipts Over Disbursements	<u>40,863</u>	<u>52,655</u>	<u>93,518</u>
Other Financing Receipts:			
Other Sources	4,502		4,502
	<u>4,502</u>		<u>4,502</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	45,365	52,655	98,020
Fund Cash Balances, January 1	178,330	108,541	286,871
	<u>178,330</u>	<u>108,541</u>	<u>286,871</u>
Fund Cash Balances, December 31	<u>\$223,695</u>	<u>\$161,196</u>	<u>\$384,891</u>
Reserve for Encumbrances, December 31	<u>\$57,653</u>	<u>\$81,279</u>	<u>\$138,932</u>

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

**PLEASANT TOWNSHIP
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Township, Hancock 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 and cemetery maintenance. The Township pays eighty percent of the cost of maintaining the McComb Volunteer Fire Department to provide fire services to Township residences.

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.

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.

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:

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

**PLEASANT TOWNSHIP
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

Motor Vehicle License Tax Fund - This fund receives license tax money to pay for constructing, maintaining and repairing Township roads.

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 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 individual commitments are made. In most instances encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year. At December 31, 1999 there were two encumbrances outstanding at year end that were carried over, and did not need to be reappropriated.

A summary of 2000 and 1999 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.

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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$74,244	\$74,647
Certificates of deposit	<u>206,646</u>	<u>310,244</u>
Total deposits	<u><u>\$280,890</u></u>	<u><u>\$384,891</u></u>

**PLEASANT TOWNSHIP
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$119,825	\$169,706	\$49,881
Special Revenue	103,424	97,771	(5,653)
Total	\$223,249	\$267,477	\$44,228

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$343,520	\$187,266	\$156,254
Special Revenue	264,618	184,212	80,406
Total	\$608,138	\$371,478	\$236,660

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,071	\$170,165	\$49,094
Special Revenue	101,025	91,239	(9,786)
Total	\$222,096	\$261,404	\$39,308

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$299,401	\$182,453	\$116,948
Special Revenue	209,564	119,863	89,701
Total	\$508,965	\$302,316	\$206,649

4. COMPLIANCE

The Township had \$57,653 in outstanding purchase commitments, at December 31, 1999, that were not certified until 2000 and as a result were inappropriately charged against 2000 appropriations, which is contrary to Ohio revised Code § 5705.41(D).

**PLEASANT TOWNSHIP
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. 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 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.

6. RETIREMENT SYSTEMS

The Township's personnel 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries in 1999 and 10.84% in 2000. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA), a local government risk. OTARMA assumes the risk of loss up to the limits of the Township's policy. The OTARMA may assess supplemental premiums. The following risks are covered by OTARMA:

- Legal Liability - third party claims coverage;
- Wrongful Act coverage;
- Property coverage; and
- Automobile - liability and physical damage coverage.

The Township also reimburses officials for health, accident and cancer insurance coverage up to \$2,000 annually.



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

Pleasant Township
Hancock County
3785 County Road 53
McComb, Ohio 45858-9711

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Hancock County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 3, 2001. We conducted our audits in accordance with generally accepted auditing standards 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 2000-40232-001, 2000-40232-002 and 2000-40232-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated May 3, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 May 3, 2001.

Pleasant Township
Hancock County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended 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.

Jim Petro
Auditor of State

May 3, 2001

**PLEASANT TOWNSHIP
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-40232-001

Finding Repaid Under Audit

Ohio Revised Code § 507.09 sets the 2000 salary for township clerks in townships with a budget between \$500,000.01 and \$750,000, as follows. For clerk's whose terms were 4/1/96 to 3/31/00 and then started a new term of 4/1/00 to 3/31/04, the clerk is due \$2,500 for the period 1/1/200 to 3/31/2000 and \$8,752.50 for 4/1/00 to 12/31/00, for a total amount due of \$11,252.50.

For 2000 Township Clerk, Jackie Rader was compensated \$11,670 resulting in an overpayment of \$417.50.

Ohio Revised Code § 117.28 states that when an audit report sets forth that public money has been illegally expended, the Township's legal counsel may institute civil action to recover the money illegally expended.

In accordance with the forgoing facts, a finding for recovery is hereby returned against Jackie Rader, Township Clerk and the Western Surety Company, her surety, jointly and severally, in the amount of \$417.50, in favor of the Township Treasury.

The finding was repaid to the Township on April 11, 2001.

FINDING NUMBER 2000-40232-002

Finding Repaid Under Audit

Ohio Revised Code § 505.601 allows a board of township trustees in lieu of providing group health insurance to reimburse the officials and employees for out of pocket premiums, for coverages described in Ohio Revised Code § 505.60(A). The resolution must provide for a uniform monthly or yearly maximum payment for each officer or employee, beyond which the township will not reimburse the officer or employee. Pleasant Township Resolution approved February 14, 1996 sets the annual reimbursement to the Trustees and the Clerk for out of pocket health insurance premiums at \$2,000.

In 1999 Trustee, Keith Rader had premiums paid by the Township in the amount of \$2,234 resulting in an overpayment of \$234.

Ohio Revised Code § 117.28 states that when an audit report sets forth that public money has been illegally expended, the Township's legal counsel may institute civil action to recover the money illegally expended.

In accordance with the forgoing facts, a finding for recovery is hereby returned against Keith Rader, Trustee and the Western Surety Company, his surety, jointly and severally, in the amount of \$234 in favor of the Township Treasury.

The finding was repaid to the Township on April 25, 2001.

FINDING NUMBER 2000-40232-003

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Trustees may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of the Trustees, if such expenditure is otherwise valid.

As of December 31, 1999, the Township had \$57,653 in outstanding purchase commitments that were not certified until 2000, and as a result were charged against fiscal year 2000 appropriations. The accompanying financial statements have been adjusted to reflect this amount as an outstanding encumbrance in the gasoline tax, special revenue fund, as of December 31, 1999.

Certification is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Township funds being over expended or exceeding budgetary spending limitations as set by the Trustees. To improve controls over disbursements, we recommend that all Township disbursements receive prior certification of the Clerk and that the Trustees periodically review the expenditures made to ensure they are within the appropriations adopted by the Trustees, certified by the Clerk and recorded against appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PLEASANT TOWNSHIP

HANCOCK 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
MAY 22, 2001**