



**Auditor of State  
Betty Montgomery**



**PLEASANT TOWNSHIP  
HARDIN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Pleasant Township  
Hardin County  
P.O. Box 153  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Hardin County (the "Township"), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Pleasant Township  
Hardin County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

April 10, 2003

**PLEASANT TOWNSHIP  
HARDIN COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$20,780	\$90,245		\$111,025
Licenses, Permits, and Fees	950			950
Intergovernmental	107,962	76,530	21,884	206,376
Earnings on Investments	1,376	1,826		3,202
Miscellaneous		148		148
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	131,068	168,749	21,884	321,701
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
General Government	61,743			61,743
Public Safety	524	33,733		34,257
Public Works	4,719	98,770	21,884	125,373
Health	18,788			18,788
Intergovernmental Expenditures		42,524		42,524
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	85,774	175,027	21,884	240,161
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	45,294	(6,278)		39,016
Fund Cash Balances, January 1	83,837	282,885		366,722
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$129,131</u>	<u>\$276,607</u>	<u>\$0</u>	<u>\$405,738</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$20,529</u>	<u>\$0</u>	<u>\$20,529</u>

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

PLEASANT TOWNSHIP  
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NON EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

<b>Operating Cash Receipts:</b>	
Interest	\$112
<b>Operating Cash Disbursements:</b>	
Other	<u>112</u>
Operating Income	0
Fund Cash Balance, January 1	<u>2,034</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$2,034</u></u>

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



**PLEASANT TOWNSHIP  
HARDIN COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$22,772	\$92,969	\$115,741
Licenses, Permits, and Fees	675		675
Intergovernmental	47,673	75,554	123,227
Earnings on Investments	1,607	2,108	3,715
Miscellaneous	699		699
	<u>73,426</u>	<u>170,631</u>	<u>244,057</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	71,930		71,930
Public Safety	527	30,899	31,426
Public Works	18,315	91,394	109,709
Health	16,775		16,775
Intergovernmental Expenditures		44,285	44,285
	<u>107,547</u>	<u>166,578</u>	<u>229,840</u>
Total Receipts Over/(Under) Disbursements	(34,121)	4,053	(30,068)
Fund Cash Balances, January 1	<u>117,958</u>	<u>278,832</u>	<u>396,790</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 83,837</u></u>	<u><u>\$ 282,885</u></u>	<u><u>\$366,722</u></u>

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

PLEASANT TOWNSHIP  
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NON EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

<b>Operating Cash Receipts:</b>	
Interest	\$69
<b>Operating Cash Disbursements:</b>	
Other	<u>91</u>
Operating (Loss)	(22)
Fund Cash Balance, January 1	<u>2,056</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$2,034</u></u>

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

**PLEASANT TOWNSHIP  
HARDIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Pleasant Township, Hardin 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 maintenance, cemetery maintenance, and fire protection.

The residents of the Township support Grove Cemetery Association and the Veteran's Memorial Park District through tax levies. This relationship is further described in Note 4.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

Certificates of deposit and passbook savings accounts are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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 Fund:

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

**PLEASANT TOWNSHIP  
HARDIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Capital Projects Funds**

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

**Issue II Fund** – This fund is used to account for road projects funded by Issue II grant money. The activity in this fund is “memo” only since the Township did not constructively receive and expend this money.

**3. Fiduciary Funds (Nonexpendable Trust)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township had the following significant nonexpendable trust fund:

**CMB Trust Fund-** The amount donated is maintained in perpetuity. Investment earnings are used as specified by the donor.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered 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 carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**PLEASANT TOWNSHIP  
HARDIN COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2002	2001
Demand deposits	\$405,738	\$366,722
Savings account	34	34
Certificates of deposit	2,000	2,000
Total deposits	\$407,772	\$368,756

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or Federal Savings Loan Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$134,644	\$131,068	(\$3,576)
Special Revenue	174,291	168,749	(5,542)
Capital Projects	21,884	21,884	
Fiduciary	112	112	
Total	\$330,931	\$321,813	(\$9,118)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$144,006	\$85,774	\$58,232
Special Revenue	452,857	195,556	257,301
Capital Projects	21,884	21,884	0
Fiduciary	112	112	0
Total	\$618,859	\$303,326	\$315,533

**PLEASANT TOWNSHIP  
HARDIN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,776	\$73,426	\$2,650
Special Revenue	172,143	170,631	(1,512)
Fiduciary	100	69	(31)
Total	\$243,019	\$244,126	\$1,107

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$107,547	(\$107,547)
Special Revenue		166,578	(166,578)
Fiduciary		91	(91)
Total	\$0	\$274,216	(\$274,216)

The Trustees did not approve appropriations during 2001 which violated Ohio Rev. Code Section 5705.38. As a result, all expenditures exceeded appropriations which violated Ohio Rev. Code Section 5705.41(B).

**4. PROPERTY TAX**

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

The residents of the Township support Grove Cemetery Association (the "Cemetery") and the Veteran's Memorial Park District (the "Park") through tax levies. The levy for the Cemetery is voted millage and the levy for the Park is un-voted millage. During 2002 and 2001, the Cemetery received \$33,048 and \$34,120, respectively, and the Park received \$9,476 and \$34,120, respectively, in tax revenue from the residents of the Township. This money is reported as "memo only" tax revenue and intergovernmental expenditures in the Special Revenue Grove Cemetery Fund and the Park Fund since it is disbursed directly to the Cemetery and the Park by the Hardin County Auditor.

**PLEASANT TOWNSHIP  
HARDIN COUNTY**

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

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer pension 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 2002 and 2001, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries during the period January 1, 2001 through December 31, 2002. The Township has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**A. Risk Pool Membership**

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. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**B. Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**C. Property Coverage**

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

**PLEASANT TOWNSHIP  
HARDIN COUNTY**

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

**6. RISK MANAGEMENT (Continued)**

**D. Financial Position**

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	9,379,003	8,924,977
Retained earnings	\$14,324,773	\$13,759,406

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	647,667	497,831
Retained earnings	\$4,363,464	\$3,658,953





**Auditor of State  
Betty Montgomery**

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

Pleasant Township  
Hardin County  
P.O. Box 153  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Hardin County (the "Township"), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-40233-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 10, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

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

**Betty Montgomery**  
Auditor of State

April 10, 2003

**PLEASANT TOWNSHIP  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-40233-001**

**Noncompliance**

**Ohio Rev. Code Section 5705.38** states that on or about the first day of each fiscal year, an appropriation measure is to be passed. **Ohio Rev. Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2001, the Township's Trustees did not approve the annual appropriations resolution. Since there were no legal appropriations, expenditures exceeded appropriations for all funds.

The Township should implement monitoring procedures to help ensure that appropriations are approved as required by Ohio Rev. Code Section 5705.38. In addition, review procedures should be performed by the Township to help ensure that the budgeted amounts recorded in the accounting records represent what was approved by the Trustees.





**Auditor of State  
Betty Montgomery**

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**PLEASANT TOWNSHIP**

**HARDIN 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 20, 2003**