

Pleasant Township

Marion County, Ohio

Regular Audit

For the Years Ended December 31, 2003 and 2002

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com



**Auditor of State
Betty Montgomery**

Board of Trustees
Pleasant Township
1035 Owens Road West
Marion, Ohio 43302

We have reviewed the Independent Auditor's Report of Pleasant Township, Marion County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2002 to December 31, 2003. 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.

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. The Pleasant Township is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 14, 2004

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Pleasant Township
Marion County, Ohio
For the Years Ended December 31, 2003 and 2002
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Board of Trustees
Pleasant Township
Marion County, Ohio
1035 Owens Road West
Marion, Ohio 43302

We have audited the accompanying financial statements of Pleasant Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. 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 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 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 of Pleasant Township, Marion County, Ohio as of December 31, 2003 and 2002, 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 July 21, 2004, 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 the audits.

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

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

July 21, 2004

Pleasant Township
Marion County, Ohio

Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2003

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$74,739	\$119,511	\$0	\$194,250
Intergovernmental	52,228	80,752	0	132,980
Licenses, Permits, and Fees	7,792	10,154	0	17,946
Earnings on Investments	9,458	1,256	0	10,714
Gifts and Donations	2,480	0	0	2,480
Special Assessments	453	0	0	453
Other Revenue	3,774	8,478	0	12,252
Total Cash Receipts	150,924	220,151	0	371,075
Cash Disbursements:				
Current:				
General Government	157,526	8,317	0	165,843
Public Safety	24,677	108,836	0	133,513
Public Works	0	103,145	0	103,145
Health	10,053	0	0	10,053
Capital Outlay	130	16,000	50,053	66,183
Total Cash Disbursements	192,386	236,298	50,053	478,737
Total Receipts Over/(Under) Disbursements	(41,462)	(16,147)	(50,053)	(107,662)
Other Financing Receipts:				
Transfers In	0	0	8,000	8,000
Transfers Out	0	(8,000)	0	(8,000)
Proceeds from Insurance	28,000	0	0	28,000
Total Other Financing Receipts	28,000	(8,000)	8,000	28,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,462)	(24,147)	(42,053)	(79,662)
Fund Cash Balances, January 1	547,444	259,450	245,000	1,051,894
Fund Cash Balances, December 31	\$533,982	\$235,303	\$202,947	\$972,232

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

Pleasant Township
Marion County, Ohio

Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2002

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$71,887	\$114,712	\$0	\$186,599
Intergovernmental	133,745	80,320	0	214,065
Licenses, Permits, and Fees	0	9,650	0	9,650
Earnings on Investments	13,167	2,093	0	15,260
Gifts and Donations	2,000	0	0	2,000
Other Revenue	9,748	7,577	0	17,325
Total Cash Receipts	230,547	214,352	0	444,899
Cash Disbursements:				
Current:				
General Government	121,625	6,835	0	128,460
Public Safety	14	71,303	0	71,317
Public Works	0	44,070	0	44,070
Health	7,165	203	0	7,368
Total Cash Disbursements	128,804	122,411	0	251,215
Total Receipts Over/(Under) Disbursements	101,743	91,941	0	193,684
Other Financing Receipts/Disbursements:				
Transfers In	0	0	245,000	245,000
Transfers Out	0	(245,000)	0	(245,000)
Total Other Financing Receipts	0	(245,000)	245,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	101,743	(153,059)	245,000	193,684
Fund Cash Balances, January 1	445,701	412,509	0	858,210
Fund Cash Balances, December 31	\$547,444	\$259,450	\$245,000	\$1,051,894

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

Pleasant Township
Marion County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2003 and 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Township, Marion 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. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection and emergency medical services. The Township contracts with Stofcheck Ambulance Service, Inc. to provide ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. 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

Investments are included in fund cash balances. 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.

The Township's investment in STAR Ohio is recorded at share values reported by the State Treasurer.

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:

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

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

Pleasant Township
 Marion County, Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2003 and 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fire and EMS Levy Fund – This fund receives property tax money for fire protection and emergency medical services for the Township.

3. Capital Projects Fund – This fund is used to account for the acquisition of capital assets for the fire department. The Council approved the purchase of a fire truck and another vehicle to be purchased from this fund.

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 individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2003 and 2002 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 investment 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:

	2003	2002
Demand deposits	\$51,079	\$200,414
STAR Ohio	921,153	851,480
Total deposits and investments	\$972,232	\$1,051,894

Pleasant Township
Marion County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2003 and 2002

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by pooled securities obtained by the financial institution for its public deposits.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$145,204	\$178,924	\$33,720
Special Revenue	198,247	220,151	21,904
Capital Projects	8,000	8,000	0
Total	<u>\$351,451</u>	<u>\$407,075</u>	<u>\$55,624</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$692,648	\$192,386	\$500,262
Special Revenue	457,698	244,298	213,400
Capital Projects	253,000	50,053	202,947
Total	<u>\$1,403,346</u>	<u>\$486,737</u>	<u>\$916,609</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$157,990	\$230,547	\$72,557
Special Revenue	198,677	214,352	15,675
Capital Projects	245,000	245,000	0
Total	<u>\$601,667</u>	<u>\$689,899</u>	<u>\$88,232</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$599,361	\$128,804	\$470,557
Special Revenue	608,370	367,411	240,959
Capital Projects	0	0	0
Total	<u>\$1,207,731</u>	<u>\$496,215</u>	<u>\$711,516</u>

Pleasant Township
Marion County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2003 and 2002

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-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 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

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 insurance 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

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.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures specific losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceed \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

Pleasant Township
 Marion County, Ohio
 Notes to the Financial Statements
 For the Years Ended December 31, 2003 and 2002

6. RISK MANAGEMENT (Continued)

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.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with accounting principles generally accepted by the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2002, which is the latest data available.

Casualty Coverage:	2002
Assets	\$23,757,036
Liabilities	(9,197,512)
Retained Earnings	\$14,559,524
Property Coverage:	
Assets	\$6,596,996
Liabilities	(1,204,326)
Retained Earnings	\$5,392,670

The Township has not incurred significant reductions in insurance coverage from coverage in the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

7. TRANSFERS

The Township transferred funds from the Fire and EMS Levy Fund to the Capital Project Fund for the purchase of a fire truck and another vehicle to be purchased for this fund. The amount of the transfer was \$8,000 for 2003 and \$245,000 for 2002.

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

Board of Trustees
Pleasant Township
Marion County
1035 Owens Road West
Marion, Ohio 43302

We have audited the accompanying financial statements of Pleasant Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 21, 2004. We conducted our audits 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 audits 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*, and which is described in the accompanying schedule of findings as item 2003.01. We also noted another certain immaterial instance of noncompliance, which we have reported to the management of the Township in a separate letter dated July 21, 2004.

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 over financial reporting, which we have reported to the management of the Township in a separate letter dated July 21, 2004.

Pleasant Township, Marion County, Ohio
Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
Page 2

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

Balestra, Harr & Scherer, CPAs, Inc.
Balestra, Harr & Scherer, CPAs, Inc.

July 21, 2004

Pleasant Township – Marion County
 Schedule of Findings
 December 31, 2003 and 2002

Finding Number	2003.01
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Certification of Funds

Ohio Rev. Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

An exception to this basic requirement is then and now certificates. This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that she is completing her certification, 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 taxing authority can authorize the drawing of a warrant.

Material instances were noted where purchase orders were not certified timely in accordance with the ORC.

Corrective Action Plan

Finding Number	Planned Corrective Action:	Anticipated Completion Date:	Responsible Contact Person:
2003.01	The Clerk and Board will monitor budgetary data more closely in subsequent audit periods.	12/31/04	Marilyn Hale, Township Clerk



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

PLEASANT TOWNSHIP

MARION 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 23, 2004**