



**Auditor of State
Betty Montgomery**

PLEASANT TOWNSHIP
LOGAN COUNTY

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**Auditor of State
Betty Montgomery**

Pleasant Township
Logan County
9861 S.R. 47 W.
DeGraff, OH 43318

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 19, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Township
Logan County
9861 SR 47 West
DeGraff, OH 43318

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Logan County, (the "Township"), as of and for the years ended December 31, 2004 and 2003. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 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, 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 September 19, 2005, 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.



Betty Montgomery
Auditor of State

September 19, 2005

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$17,841	\$22,523		\$40,364
Intergovernmental	36,392	100,217	36,839	173,448
Licenses, Permits, and Fees	1,053			1,053
Earnings on Investments	2,602	1,464		4,066
Other Revenue	426			426
Total Cash Receipts	<u>58,314</u>	<u>124,204</u>	<u>36,839</u>	<u>219,357</u>
Cash Disbursements:				
Current:				
General Government	57,334			57,334
Public Safety	4,960			4,960
Public Works	26,714	75,203		101,917
Health	11,051	1,236		12,287
Intergovernmental		8,031		8,031
Capital Outlay			36,839	36,839
Total Cash Disbursements	<u>100,059</u>	<u>84,470</u>	<u>36,839</u>	<u>221,368</u>
Total Receipts Over/(Under) Disbursements	<u>(41,745)</u>	<u>39,734</u>		<u>(2,011)</u>
Other Financing Receipts/(Disbursements):				
Other Sources	627			627
Other Uses	(60)			(60)
Total Other Financing Receipts/(Disbursements)	<u>567</u>			<u>567</u>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(41,178)	39,734		(1,444)
Fund Cash Balances, January 1	<u>202,972</u>	<u>99,967</u>	<u>0</u>	<u>302,939</u>
Fund Cash Balances, December 31	<u><u>\$161,794</u></u>	<u><u>\$139,701</u></u>	<u><u>\$0</u></u>	<u><u>\$301,495</u></u>

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

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$17,208	\$27,121		\$44,329
Intergovernmental	46,364	64,973	7,092	118,429
Licenses, Permits, and Fees	1,550			1,550
Earnings on Investments	3,593	1,494		5,087
Other Revenue	867			867
Total Cash Receipts	<u>69,582</u>	<u>93,588</u>	<u>7,092</u>	<u>170,262</u>
Cash Disbursements:				
Current:				
General Government	39,788			39,788
Public Safety	4,660			4,660
Public Works	702	45,667		46,369
Health	3,283	199		3,482
Intergovernmental		13,720		13,720
Capital Outlay		274	7,092	7,366
Total Cash Disbursements	<u>48,433</u>	<u>59,860</u>	<u>7,092</u>	<u>115,385</u>
Total Receipts Over Disbursements	21,149	33,728		54,877
Fund Cash Balances, January 1	<u>181,823</u>	<u>66,239</u>	<u>0</u>	<u>248,062</u>
Fund Cash Balances, December 31	<u><u>\$202,972</u></u>	<u><u>\$99,967</u></u>	<u><u>\$0</u></u>	<u><u>\$302,939</u></u>

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

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Pleasant Township, Logan County, (the "Township"), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of DeGraff, Miami Township Fire Department, and Maplewood Community Fire Department to provide fire services and contracts with Miami Township Emergency Medical Services and Riverside Emergency Medical Services for ambulance services.

The residents of the Township support the Greenwood Union Cemetery through a tax levy. 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

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

2. Special Revenue Funds

These funds 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:

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$200,703	\$179,158
Certificates of deposit	100,792	123,781
Total deposits	<u>\$301,495</u>	<u>\$302,939</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,000	\$58,941	(\$42,059)
Special Revenue	89,500	124,204	34,704
Capital Projects	36,839	36,839	0
Total	<u>\$227,339</u>	<u>\$219,984</u>	<u>(\$7,355)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$192,200	\$100,119	\$92,081
Special Revenue	178,400	84,470	93,930
Capital Projects	36,839	36,839	0
Total	<u>\$407,439</u>	<u>\$221,428</u>	<u>\$186,011</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,500	\$69,582	\$6,082
Special Revenue	83,000	93,588	10,588
Capital Projects	7,092	7,092	0
Total	<u>\$153,592</u>	<u>\$170,262</u>	<u>\$16,670</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,010	\$48,433	\$87,577
Special Revenue	158,720	59,860	98,860
Capital Projects	7,092	7,092	0
Total	<u>\$301,822</u>	<u>\$115,385</u>	<u>\$186,437</u>

4. PROPERTY TAX

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

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

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. PROPERTY TAX (Continued)

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 the Greenwood Union Cemetery (the "Cemetery") through a voted millage tax levy. Beginning in 2004, the County Auditor distributes the tax levy proceeds to the Township, which are then disbursed to the Cemetery. Prior to 2004, the County Auditor distributed this money directly to the Cemetery and the Township recorded memo receipts and expenditures on the financial statements. The tax receipts and related disbursements are reflected as tax revenue and intergovernmental expenditures in the Special Revenue Fund type.

5. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, members of OPERS contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Township has coverage for the following risks:

- Commercial property coverage
- Commercial general liability coverage
- Employee benefits liability policy
- Commercial auto coverage
- Commercial Inland Marine coverage



**Auditor of State
Betty Montgomery**

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

Pleasant Township
Logan County
9861 SR 47 West
DeGraff, OH 43318

To the Board of Trustees:

We have audited the financial statements of the Pleasant Township, Logan County (the "Township") as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated September 19, 2005, 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 also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated September 19, 2005, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Township's management dated September 19, 2005, we reported other matters related to noncompliance we deemed immaterial.

Pleasant Township
Logan County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. It is not intended for 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

September 19, 2005

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Findings for Recovery / Repaid Under Audit

Ohio Rev. Code Section 507.09 establishes the compensation for the township clerk based on the annual budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation for the clerk pursuant to Rev. Code Section 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate, since the date of the certificate controls the salary amount. In addition, the increase in annual compensation is tied to the consumer price index which is defined in Section 325.18(A), Revised Code, as the consumer price index prepared by the United States Bureau of Labor Statistics.

The Township Clerk's annual salary should have remained at the 2003 annual rate of \$11,143 ($\$11,143 / 12 = \928.58 per month) for the first three months of 2004 and then on April 1, 2004, to the new term amount of \$11,547.62 ($\$11,547.62 / 12 = \962.30 per month), based on the salary bracket for the budget amount in 2004. Therefore, for calendar year 2004, the Clerk's total wages should have been \$11,446.44 ($\$928.58 \times 3 + \962.30×9), however, the Clerk received \$11,547.96. This resulted in an overpayment of \$101.52 ($\$11,547.96 - \$11,446.44$).

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money that has been illegally expended, is hereby rendered against, Joan Downing, Clerk, and her bonding company Western Surety Company, jointly and severally, in the amount of \$101.52, and in favor of the Township's General Fund.

This finding was repaid on September 30, 2005 with receipt # 146-2005.

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	26 C.F.R. Sec. 31.3102-1 – The Township Clerk overpaid federal tax withholdings.	Yes	
2002-002	ORC Sec. 135.18 – Insufficient collateral.	Yes	
2002-003	ORC Sec. 5705.10 – Restricted revenue posted to wrong fund.	Yes	
2002-004	ORC Sec. 5705.41(D) – Failure to certify available funds prior to expenditure.	No	Repeated in Management Letter



**Auditor of State
Betty Montgomery**

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PLEASANT TOWNSHIP

LOGAN 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
OCTOBER 20, 2005**