



OHIO AUDITOR OF STATE
KEITH FABER



**PLEASANT TOWNSHIP
CLARK COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Pleasant Township
Clark County
P.O. Box 39
Catawba, Ohio 43010

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Pleasant Township, Clark County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Pleasant Township, Clark County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 4, 2020

Pleasant Township

Clark County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2018

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$25,387	\$369,810		\$395,197
Charges for Services		61,942		61,942
Licenses, Permits and Fees	25,363	27,618		52,981
Intergovernmental	17,793	159,868		177,661
Earnings on Investments	6,011	1,364	\$7,618	14,993
Miscellaneous	36,983	12,168		49,151
<i>Total Cash Receipts</i>	<u>111,537</u>	<u>632,770</u>	<u>7,618</u>	<u>751,925</u>
Cash Disbursements				
Current:				
General Government	84,499	93,006		177,505
Public Safety		289,809		289,809
Public Works		225,417		225,417
Health	2,000	32,263	6,910	41,173
Human Services	1,081		135	1,216
Capital Outlay	30,000			30,000
Debt Service:				
Principal Retirement		48,538		48,538
Interest and Fiscal Charges		4,309		4,309
<i>Total Cash Disbursements</i>	<u>117,580</u>	<u>693,342</u>	<u>7,045</u>	<u>817,967</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,043)</u>	<u>(60,572)</u>	<u>573</u>	<u>(66,042)</u>
Other Financing Receipts/(Disbursements)				
Sale of Assets		17,500		17,500
Other Financing Uses	(529)			(529)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(529)</u>	<u>17,500</u>		<u>16,971</u>
<i>Net Change in Fund Cash Balances</i>	(6,572)	(43,072)	573	(49,071)
<i>Fund Cash Balances, January 1</i>	<u>170,414</u>	<u>627,396</u>	<u>78,038</u>	<u>875,848</u>
Fund Cash Balances, December 31				
Nonspendable			75,000	75,000
Restricted		584,324	3,611	587,935
Unassigned	163,842			163,842
<i>Fund Cash Balances, December 31</i>	<u>\$163,842</u>	<u>\$584,324</u>	<u>\$78,611</u>	<u>\$826,777</u>

See accompanying notes to the financial statement

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Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pleasant Township, Clark 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.

Public Entity Risk Pool

The Township participates in a public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 7 to the financial statement provides additional information for this entity.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Fire District Fund This fund receives property taxes and donations for providing fire protection.

Permanent Fund This fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following permanent fund:

McClenen Cemetery Fund – This fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of Asbury Cemetery.

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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. Appropriations lapse at year-end.

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

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 2018 budgetary activity appears in Note 4.

Deposits 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.

The Township values U.S. Treasury Notes and common stock at cost. Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

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

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, the Township Trustees did not pass an appropriation measure for the year ended December 31, 2018 and as a result, budgetary expenditures exceeded appropriation authority in all funds.

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$111,537	\$111,537
Special Revenue		650,270	650,270
Permanent		7,618	7,618
Total	\$0	\$769,425	\$769,425

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$118,109	(\$118,109)
Special Revenue		693,342	(693,342)
Permanent		7,045	(7,045)
Total	\$0	\$818,496	(\$818,496)

Note 5 – Deposits and Investments

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

	2017
Demand deposits	\$376,777
Certificates of deposit	375,000
Total deposits	751,777
McClenen Investment Trust Account	75,000
Total deposits and investments	\$826,777

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Various stocks were willed to the Township and only interest can be used for the maintenance and upkeep of the Asbury Cemetery. A financial institution's trust department holds the Township's equity securities in book entry form on behalf of the Township.

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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 statement includes 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.

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

The Township’s Fire and Emergency Medical Services employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 10 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
OPWC Loan CT50M	\$200,100	0%
2015 Fire Equipment Bonds	132,719	2.59%
Total	\$332,819	

The Township obtained a loan from the Ohio Public Works Commission (OPWC) in 2010 for a township road project in the amount of \$348,000. The loan matures January 2030. The Township makes semi-annual payments of \$8,700.

The Township issued Fire Equipment Bonds in 2015 to finance the purchase of a Tanker truck for the Fire Department. The bond will be paid in full within four years (2022).

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)

Note 10 – Debt (Continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan CT50M	2015 Fire Equipment Bonds
2019	\$17,400	\$35,447
2020	17,400	35,446
2021	17,400	35,446
2022	17,400	35,446
2023	17,400	
2024-2028	87,000	
2029-2030	26,100	
Total	\$200,100	\$141,785

Note 11 – Related Party Transactions

A Township Trustee is the owner of a company (Nu-Lawn Lawn Service) from which the Township acquired services for treating the lawns at the Township’s cemeteries. The township paid Nu-Lawn Lawn Service \$2,231 in 2018 for these services.

A Township Trustee is the employee of his father’s company (Wiseman and Sons, Inc.) from which the Township acquired services for digging graves at the Township’s cemeteries. The Township paid Wisemans and Sons, Inc. \$4,500 in 2018 for these services.

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Pleasant Township

Clark County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2017

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$25,025	\$364,826		\$389,851
Charges for Services		74,141		74,141
Licenses, Permits and Fees	23,889	26,880		50,769
Intergovernmental	17,441	194,238		211,679
Earnings on Investments	4,056	982	\$7,386	12,424
Miscellaneous	13,804	13,242		27,046
<i>Total Cash Receipts</i>	<u>84,215</u>	<u>674,309</u>	<u>7,386</u>	<u>765,910</u>
Cash Disbursements				
Current:				
General Government	69,461	96,469		165,930
Public Safety		279,180		279,180
Public Works		173,017		173,017
Health	2,636	13,298	4,316	20,250
Human Services	200		975	1,175
Conservation-Recreation		32		32
Capital Outlay	58,825			58,825
Debt Service:				
Principal Retirement	10,771	36,954		47,725
Interest and Fiscal Charges		5,122		5,122
<i>Total Cash Disbursements</i>	<u>141,893</u>	<u>604,072</u>	<u>5,291</u>	<u>751,256</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(57,678)</u>	<u>70,237</u>	<u>2,095</u>	<u>14,654</u>
<i>Fund Cash Balances, January 1</i>	<u>228,092</u>	<u>557,159</u>	<u>75,943</u>	<u>861,194</u>
Fund Cash Balances, December 31				
Nonspendable			75,000	75,000
Restricted		627,396	3,038	630,434
Unassigned	170,414			170,414
<i>Fund Cash Balances, December 31</i>	<u>\$170,414</u>	<u>\$627,396</u>	<u>\$78,038</u>	<u>\$875,848</u>

See accompanying notes to the financial statement

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Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pleasant Township, Clark 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.

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The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Permanent Fund This fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following permanent fund:

McClenen Cemetery Fund – This fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of Asbury Cemetery.

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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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. Appropriations lapse at year-end.

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

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 2017 budgetary activity appears in Note 4.

Deposits 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.

The Township values U.S. Treasury Notes and common stock at cost. Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

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

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, the Township Trustees did not pass an appropriation measure for the year ended December 31, 2017 and as a result, budgetary expenditures exceeded appropriation authority in all funds.

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$84,215	\$84,215
Special Revenue		674,309	674,309
Permanent		7,386	7,386
Total	\$0	\$765,910	\$765,910

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$141,893	(\$141,893)
Special Revenue		604,072	(604,072)
Permanent		5,291	(5,291)
Total	\$0	\$751,256	(\$751,256)

Note 5 – Deposits and Investments

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

	2017
Demand deposits	\$425,848
Certificates of deposit	375,000
Total deposits	800,848
McClenen Investment Trust Account	75,000
Total deposits and investments	\$875,848

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

Investments

Various stocks were willed to the Township and only interest can be used for the maintenance and upkeep of the Asbury Cemetery. A financial institution's trust department holds the Township's equity securities in book entry form on behalf of the Township.

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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 statement includes 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.

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

Note 7 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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 generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

Note 7 – Risk Management (Continued)

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$11,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

2017 Contributions to OTARMA
\$24,302

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2017.

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

The Township’s Fire and Emergency Medical Services employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2017.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 10 – Debt

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
OPWC Loan CT50M	\$217,500	0%
2015 Fire Equipment Bonds	163,857	2.59%
Total	\$381,357	

The Township obtained a loan from the Ohio Public Works Commission (OPWC) in 2010 for a township road project in the amount of \$348,000. The loan matures January 2030. The Township makes semi-annual payments of \$8,700.

The Township issued Fire Equipment Bonds in 2015 to finance the purchase of a Tanker truck for the Fire Department. The bond will be paid in full within five years (2022).

Pleasant Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

Note 10 – Debt (Continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan CT50M	2015 Fire Equipment Bonds
2018	\$17,400	\$35,447
2019	17,400	35,447
2020	17,400	35,446
2021	17,400	35,446
2022	17,400	35,446
2023-2027	87,000	
2028-2030	43,500	
Total	\$217,500	\$177,232

Note 11 – Related Party Transactions

A Township Trustee is the owner of a company (Nu-Lawn Lawn Service) from which the Township acquired services for treating the lawns at the Township’s cemeteries. The township paid Nu-Lawn Lawn Service \$2,231 in 2017 for these services.

A Township Trustee is the employee of his father’s company (Wiseman and Sons, Inc.) from which the Township acquired services for digging graves at the Township’s cemeteries. The Township paid Wisemans and Sons, Inc. \$3,200 in 2017 for these services.

OHIO AUDITOR OF STATE KEITH FABER



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

Pleasant Township
Clark County
P.O. Box 39
Catawba, Ohio 43010

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Pleasant Township, Clark County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated March 4, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2018-001 through 2018-003 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-004 described in the accompanying schedule of findings to be a significant deficiency.

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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001 and 2018-002.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 4, 2020

**PLEASANT TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Noncompliance and Material Weakness – Financial Reporting

Ohio Rev. Code § 5705.09(F) states each subdivision “shall establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.” **Ohio Rev. Code § 5705.10(D)** states, in part, “all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.”

Ohio Rev. Code § 4504.18 states, in part, “for the purpose of paying the costs and expenses of enforcing and administering the tax provided for in this section; for the construction, reconstruction, improvement, maintenance, and repair of township roads, bridges, and culverts; for purchasing, erecting, and maintaining traffic signs, markers, lights, and signals; for purchasing road machinery and equipment, and planning, constructing, and maintaining suitable buildings to house such equipment; for paying any costs apportioned to the township under section 4907.47 of the Revised Code; and to supplement revenue already available for such purposes, the board of township trustees may levy an annual license tax, in addition to the tax levied by sections 4503.02, 4503.07, and 4503.18 of the Revised Code, upon the operation of motor vehicles on the public roads and highways in the unincorporated territory of the township.”

Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, clarifies the existing governmental fund type definitions: a permanent fund should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for the purposes that support the reporting government's programs - that is, for the benefit of the government or its citizenry.

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township collected permissive motor vehicle license tax monies in 2018 and 2017. The Township did not create a Permissive Motor Vehicle License Tax Fund to receipt these monies into and instead posted them into the Motor Vehicle License Fund. The receipts and disbursements activity netted to \$0 in both years; therefore, no adjustments to the accounting system were needed. The permissive motor vehicle license tax fund receipts and disbursements were \$32,045 and \$32,251 in 2018 and 2017, respectively.

The Township created the Leonard E. Sonners Trust fund to account for donations received in 2018 and 2017. The Township presented the fund as a Permanent Fund despite there being no formal trust agreement to support the permanent fund classification. Additionally, there was no evidence of any written directive from the donor for how the donations were to be spent; therefore, receipts and disbursements totaling \$6,075 and \$3,081 in 2018 and \$5,019 and \$2,836 in 2017, respectively, have been reclassified to the Township's General fund. Additionally, the Township posted \$1,855 of the McClenen Permanent Fund earnings on investments to the Sonners Fund. This error has been adjusted on the financial statements and in the accounting system.

The above misstatements have been adjusted on the Township's financial statements and accounting records, as applicable. In addition to the items noted above, we also identified misstatements ranging from \$360 to \$75,000, which we have brought to the Township's attention. The Township's financial statement errors were due to lack of understanding and untimely posting of transactions.

**FINDING NUMBER 2018-001
(Continued)**

The failure to correctly classify financial activity in the accounting records and financial statements may impact the users' understanding of the financial operations, the Township's ability to make sound financial decisions or comply with budgetary law, and/or result in materially misstated reports.

The Township should have procedures in place to provide for the accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-002

Noncompliance and Material Weakness – Budgetary

Ohio Rev. Code § 5705.36(A)(1) states in part, “on or about the first day of each fiscal year, the fiscal officer of each subdivision shall certify to the county auditor the total amount from all sources available for expenditures from each fund The amount certified shall include any unencumbered balances that existed at the end of the preceding year”

Ohio Rev. Code § 5705.38(A) states in part, “on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the official certificate of estimated resources or amendments of the certificate.”

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

For the years ended December 31, 2018 and 2017, the Township did not certify to the County Auditor the total resources available for appropriation and did not pass an appropriation measure. As a result, expenditures exceeded appropriations in all funds. Additionally, as a result, the Township's budgetary footnotes were misstated. The notes were updated to reflect zero appropriation authority and estimated receipts in both years.

Furthermore, the Trustee's review of budget versus actual information is a significant internal control in monitoring performance of the Township and helps to identify unexpected fluctuations in the budget. The Township utilizes the Uniform Accounting Network (UAN), which has the capabilities of producing budget versus actual reports for individual funds. There was no evidence the Trustees reviewed budget versus actual receipts and disbursements reports from the accounting system during 2018 and 2017.

Failure to follow budgetary laws is a violation of the Ohio Revised Code and could result in overspending of resources and deficit fund balances.

The Township should implement procedures to ensure that all applicable budgetary laws are followed. The Township should pass an annual appropriation measure to be filed with the county auditor for certification. Additionally, the Township should properly record appropriations and estimated receipts for all funds in the accounting system to produce accurate budget versus actual reports for receipts and disbursements. Trustees should review budgetary information to assure disbursements are made in accordance with the approved budget, receipts are received in accordance with the Certificate of Estimated resources, and overspending does not occur.

**FINDING NUMBER 2018-002
(Continued)**

Officials' Response:

We did meet every year to review the allocations to each fund. The trustees were in agreement with all fund allocations that were set up. I was not aware that minutes needed to be created for this review of allocations since all major expenses were discussed in regular monthly meetings.

FINDING NUMBER 2018-003

Material Weakness – Bank Reconciliations, Timely Posting of Transactions & Segregation of Duties

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and books provide reasonable assurance all receipts and disbursements have been correctly and timely posted in the Township's Uniform Accounting Network (UAN) system and its bank accounts. Additionally, reconciliations provide an accurate accounting of the Township's financial position at month-end.

The small size of the Township's fiscal operations does not allow for an adequate segregation of duties as the Fiscal Officer performed most accounting functions for the Township, including collection and deposit of receipts and reconciliation of the bank account. It is essential for the Township Trustees to monitor financial activity closely to provide oversight and to compensate for the lack of segregation of duties.

For the years ended December 31, 2018 and 2017, reconciliations were not completed until significantly after the month being reconciled. The reconciliations for the months of January through November 2018 were not completed until January 2019, and December 2018 was not completed until February 2019. The reconciliations for the months of January and February 2017 were not completed until November 2017, March through November 2017 were not completed until January 2018, and December 2017 was not completed until February 2018.

In addition, throughout 2018 and 2017, numerous receipts and disbursements were not timely posted to UAN, and for five out of six of the Township's debt payments, the payments were made after the due date. Significant time delays in posting financial transactions to the accounting system can result in permanent omissions, as well as the Trustees reviewing incomplete financial reports. Late debt payments can result in penalties and fees.

Furthermore, there was no evidence the Trustees were monitoring, reviewing, or approving the monthly bank reconciliations during 2018 and 2017.

The monthly bank reconciliation is a basic control to verify the accuracy and completeness of the Township's recording of current receipts and disbursements in UAN and helps to compensate for the lack of segregation of duties. Failure to timely complete accurate monthly bank reconciliations and lack of the Trustees' review of the bank reconciliations increases the possibility the Township would not promptly detect errors or funds being altered, lost, or stolen.

The Township should implement control procedures to verify the monthly bank reconciliations are promptly performed and the financial transactions, which are reflected on the bank statements, are posted to UAN. Additionally, monthly bank reconciliations should be reviewed by the Trustees to ensure proper procedures were followed and the accounts are reconciled. The Trustees' review should be documented by their signatures/initials on the bank reconciliations and their approval of the bank reconciliations should be noted in the meeting minutes.

**FINDING NUMBER 2018-003
(Continued)**

Officials' Response:

The Trustees are required to review and sign all transactions and checks for the Township. They are also given the balances on all fund accounts at every meeting. Going forward, I will have them sign off on all bank reconciliations too.

FINDING NUMBER 2018-004

Significant Deficiency – Record of Employee Leave Balances

Article 4 of the Pleasant Township Employee Policies governs the accrual rate for sick and vacation leave for full-time employees. However, for the years ended December 31, 2018 and 2017, there was no evidence the Township tracked leave balances for eligible employees who earned sick and vacation leave.

Failure to track employees' leave balances could result in discrepancies which could lead to employees' being compensated for time they do not have available.

The Fiscal Officer should implement control procedures to track employees' earned and used leave balances.

Officials' Response:

Leave balances have been set up in UAN.

PLEASANT TOWNSHIP TRUSTEES
P.O. BOX 39
CATAWBA, OHIO 43010

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Rev. Code § 5705.10(D) and 4504.18 – Money posted to incorrect funds	Not Corrected	With the assistance of the Auditing team, I was able to successfully set up this fund in 2020. Repeated as Finding 2018-001
2016-002	Bank Reconciliations and Timely Posting of Transactions – Failure to timely complete bank reconciliations and post transactions	Not Corrected	All balances are listed on the monthly minutes for Trustees to review. Going forward, we will get the bank reconciliation signed off on at each monthly meeting. Repeated as Finding 2018-003
2016-003	Earned Leave – Failure to track employee leave balances	Not Corrected	Corrective actions have been taken in UAN to setup Vacation time and Comp time for said employees. Repeated as Finding 2018-004

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OHIO AUDITOR OF STATE
KEITH FABER



PLEASANT TOWNSHIP

CLARK 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
MARCH 31, 2020**