



Mary Taylor, CPA
Auditor of State

PLEASANT TOWNSHIP
LOGAN COUNTY

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Mary Taylor, CPA
Auditor of State

Pleasant Township
Logan County
9861 S.R. 47 West
DeGraff, Ohio 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 an 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 adverse 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.

Mary Taylor

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Auditor of State

August 3, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Township
Logan County
9861 S.R. 47 West
DeGraff, Ohio 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, 2008 and 2007. 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.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 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, 2008 and 2007, 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 Pleasant Township, Logan County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 3, 2009, 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.



Mary Taylor, CPA
Auditor of State

August 3, 2009

**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, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$20,279	\$26,393	\$46,672
Intergovernmental	29,896	99,785	129,681
Licenses, Permits, and Fees	700		700
Earnings on Investments	3,860	2,388	6,248
Total Cash Receipts	<u>54,735</u>	<u>128,566</u>	<u>183,301</u>
Cash Disbursements:			
Current:			
General Government	66,306		66,306
Public Safety	6,200		6,200
Public Works	751	77,968	78,719
Health	4,008		4,008
Intergovernmental		11,075	11,075
Other	119	397	516
Total Cash Disbursements	<u>77,384</u>	<u>89,440</u>	<u>166,824</u>
Total Receipts Over/(Under) Disbursements	<u>(22,649)</u>	<u>39,126</u>	<u>16,477</u>
Other Financing Receipts/(Disbursements)			
Transfers-In		1,100	1,100
Transfers-Out	(1,100)		(1,100)
Other Financing Sources	352		352
Total Other Financing Receipts/(Disbursements)	<u>(748)</u>	<u>1,100</u>	<u>352</u>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(23,397)</u>	<u>40,226</u>	<u>16,829</u>
Fund Cash Balances, January 1	<u>89,138</u>	<u>292,077</u>	<u>381,215</u>
Fund Cash Balances, December 31	<u><u>\$65,741</u></u>	<u><u>\$332,303</u></u>	<u><u>\$398,044</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, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$21,678	\$23,354		\$45,032
Intergovernmental	33,832	96,955	\$35,975	166,762
Licenses, Permits, and Fees	790			790
Earnings on Investments	4,441	2,500		6,941
Miscellaneous	80			80
Total Cash Receipts	<u>60,821</u>	<u>122,809</u>	<u>35,975</u>	<u>219,605</u>
Cash Disbursements:				
Current:				
General Government	67,887			67,887
Public Safety	6,230			6,230
Public Works	212	99,793		100,005
Health	3,808			3,808
Intergovernmental		9,171		9,171
Capital Outlay		5,132	26,441	31,573
Total Cash Disbursements	<u>78,137</u>	<u>114,096</u>	<u>26,441</u>	<u>218,674</u>
Total Receipts Over (Under) Disbursements	<u>(17,316)</u>	<u>8,713</u>	<u>9,534</u>	<u>931</u>
Other Financing Receipts (Disbursements):				
Transfers In		9,534		9,534
Transfers Out			(9,534)	(9,534)
Other Financing Receipts	394			394
Total Other Financing (Disbursements)	<u>394</u>	<u>9,534</u>	<u>(9,534)</u>	<u>394</u>
Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing (Disbursements)	(16,922)	18,247		1,325
Fund Cash Balances, January 1	<u>106,060</u>	<u>273,830</u>		<u>379,890</u>
Fund Cash Balances, December 31	<u><u>\$89,138</u></u>	<u><u>\$292,077</u></u>	<u><u>\$0</u></u>	<u><u>\$381,215</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, 2008 AND 2007**

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 Pleasant Township, Logan County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees Township 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 Township participates in a jointly governed organization. Note 7 to the financial statements provides additional information for this entity. The organization is the Greenwood Union Cemetery.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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. The Township values certificates of deposit 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 private-purpose 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, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Capital Project Funds

Public Works Fund – This Fund accounts for Logan County sales tax money spent on behalf of the Township for constructing, maintaining and repairing Township roads. At December 31, 2008, Logan County held a balance of \$21,223 which is available for expenditures on Township roads.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 2008 and 2007 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

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$302,336	\$289,384
Certificates of Deposit	95,708	91,831
Total Deposits	<u>\$398,044</u>	<u>\$381,215</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, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 65,000	\$ 55,087	(\$9,913)
Special Revenue	121,500	129,666	8,166
Total	<u>\$186,500</u>	<u>\$184,753</u>	<u>(\$1,747)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$107,450	\$ 78,484	\$ 28,966
Special Revenue	357,800	89,440	268,360
Total	<u>\$465,250</u>	<u>\$167,924</u>	<u>\$297,326</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 60,000	\$ 61,215	\$ 1,215
Special Revenue	119,600	132,343	12,743
Capital Project	29,871	35,975	6,104
Total	<u>\$209,471</u>	<u>\$229,533</u>	<u>\$20,062</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,000	\$ 78,137	\$ 24,863
Special Revenue	359,469	114,096	245,373
Capital Project	29,871	35,975	(6,104)
Total	<u>\$492,340</u>	<u>\$228,208</u>	<u>\$264,132</u>

4. PROPERTY TAX

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 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.

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.

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. PROPERTY TAX (Continued)

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. The tax receipts and related disbursements are reflected as tax revenue and intergovernmental expenditures in the Special Revenue Fund type.

5. RETIREMENT SYSTEM

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 this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14 and 13.85%, respectively, of the participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained coverage for the following risks:

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

7. JOINTLY GOVERNED ORGANIZATION

Greenwood Union Cemetery, Logan County - The Cemetery is directed by a three-member Board of Trustees appointed by the Village of DeGraff and Pleasant Township in Logan County. These entities also provide funding, through voted tax levies (see Note 4), to meet the Cemetery's operating costs under the agreement which established the Cemetery.

8. TRANSFER

In 2006, the Township did not receive the benefit of \$9,534 of anticipated Issue II money. As a result the Special Revenue Road and Bridge Fund incurred this expenditure. During 2007, the State of Ohio reimbursed the Township for this expenditure. To show accountability, the accompanying financial statements show this money being receipted in the Capital Projects Fund and then being transferred to the Special Revenue Road and Bridge Fund.



Mary Taylor, CPA

Auditor of State

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 S.R. 47 West
DeGraff, Ohio 43318

To the Board of Trustees:

We have audited the financial statements of Pleasant Township, Logan County (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 3, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted 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. 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 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2008-001 is also a material weakness.

We also noted a certain matter that we reported to the Township's management in a separate letter dated August 3, 2009.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 3, 2009.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 3, 2009

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2008-001

Material Weakness

Recording of Financial Activity

To assist in the effective management and reporting of financial resources, an entity should have procedures in place to help assure the proper recording of financial activity in the accounting records and financial statements.

In 2007, the Township recorded "memo" receipts, in the amount of \$26,441, representing Logan County sales tax money spent on be-half of the Township in the General Fund instead of the Capital Projects Public Works Fund. The related "memo" expenditures were recorded in the Special Revenue Motor Vehicle License Tax and Gasoline Tax Funds, in the amounts of \$15,000 and \$11,441, respectively. As a result, the December 31, 2007 General Fund balance was overstated and the Special Revenue Motor Vehicle License Tax Fund and Gasoline Tax Fund balances were understated.

The failure to correctly record revenues and expenditures may not only impact the users' understanding of the financial operations, it may also inhibit the Township's Trustees and management's ability to make sound financial decisions, may impact the Township's ability to comply with budgetary laws, and resulted in the material misstatement of the 2007 financial statements. The accompanying financial statements and the accounting records have been adjusted to correctly reflect this financial activity and the ending fund balances.

The Township Fiscal Officer should review the Ohio Township Manual and Auditor of State Audit Bulletins for guidance in the recording of "memo" revenues and expenditures. The Township's Fiscal Officer and Trustees should also perform a periodic review of the financial records, as well as a review of the financial statements, to help identify recording errors.

OFFICIALS' RESPONSE:

We did not receive a response from officials.

**PLEASANT TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different corrective Action Taken; or Finding No Longer Valid; Explain
2006-001	ORC Sec. 5705.09 – Establishment of a special fund for each class or revenue.	Yes	
2006-002	ORC Sec. 5705.10 – Revenue derived from a source other than general property tax should be paid into a special fund.	Yes	
2006-003	ORC Sec. 5705.36(A)(2) – Requesting increased amended certificates upon determination that revenue will be greater than estimated resources.	Yes	



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 10, 2009**