



Dave Yost • Auditor of State

**PLEASANT TOWNSHIP
MARION COUNTY**

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Dave Yost • Auditor of State

Pleasant Township
Marion County
1035 Owens Road West
Marion, Ohio 43302

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 Township 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 25, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Township
Marion County
1035 Owens Road West
Marion, Ohio 43302

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010. 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(A) mandates 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 require 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 requires 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of Pleasant Township, Marion County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 Pleasant Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2012, 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.



Dave Yost
Auditor of State

May 25, 2012

**PLEASANT TOWNSHIP
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals
Cash Receipts			
Property and Other Local Taxes	\$93,227.98	\$326,694.80	\$419,922.78
Charges for Services	0.00	3,773.04	3,773.04
Licenses, Permits and Fees	26,416.13	550.00	26,966.13
Intergovernmental	62,123.01	487,244.35	549,367.36
Earnings on Investments	455.46	11.82	467.28
Miscellaneous	4,578.10	35,715.05	40,293.15
<i>Total Cash Receipts</i>	<u>186,800.68</u>	<u>853,989.06</u>	<u>1,040,789.74</u>
Cash Disbursements			
Current:			
General Government	196,189.06	0.00	196,189.06
Public Safety	0.00	240,793.52	240,793.52
Public Works	0.00	198,779.47	198,779.47
Health	9,940.07	915.94	10,856.01
Conservation-Recreation	75.76	9,930.81	10,006.57
Capital Outlay	0.00	393,591.65	393,591.65
Total Cash Disbursements	<u>206,204.89</u>	<u>844,011.39</u>	<u>1,050,216.28</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(19,404.21)</u>	<u>9,977.67</u>	<u>(9,426.54)</u>
Fund Cash Balances, January 1 - Restated (See Note 2)	<u>661,093.35</u>	<u>316,038.81</u>	<u>977,132.16</u>
Fund Cash Balances, December 31			
Restricted	0.00	277,518.94	277,518.94
Committed	0.00	48,497.54	48,497.54
Unassigned (Deficit)	641,689.14	0.00	641,689.14
Fund Cash Balances, December 31	<u><u>\$641,689.14</u></u>	<u><u>\$326,016.48</u></u>	<u><u>\$967,705.62</u></u>

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

**PLEASANT TOWNSHIP
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Totals
Cash Receipts			
Property and Other Local Taxes	\$95,914.77	\$319,009.39	\$414,924.16
Charges for Services	0.00	174.00	174.00
Licenses, Permits and Fees	20,272.26	5,136.70	25,408.96
Intergovernmental	141,651.11	147,299.14	288,950.25
Special Assessments	0.00	1,057.58	1,057.58
Earnings on Investments	668.36	14.50	682.86
Miscellaneous	12,141.31	36,463.35	48,604.66
<i>Total Cash Receipts</i>	<u>270,647.81</u>	<u>509,154.66</u>	<u>779,802.47</u>
Cash Disbursements			
Current:			
General Government	184,861.75	10,246.03	195,107.78
Public Safety	0.00	227,195.99	227,195.99
Public Works	0.00	124,627.36	124,627.36
Health	9,470.01	1,692.74	11,162.75
Conservation-Recreation	59.44	47,443.54	47,502.98
Capital Outlay	0.00	6,650.54	6,650.54
<i>Total Cash Disbursements</i>	<u>194,391.20</u>	<u>417,856.20</u>	<u>612,247.40</u>
Total Cash Receipts Over Cash Disbursements	<u>76,256.61</u>	<u>91,298.46</u>	<u>167,555.07</u>
Other Financing Receipts /(Disbursements)			
Transfers In	0.00	60,100.00	60,100.00
Transfers Out	(60,100.00)	0.00	(60,100.00)
Advances In	10,000.00	7,500.00	17,500.00
Advances Out	(7,500.00)	(10,000.00)	(17,500.00)
Total Other Financing Receipts /(Disbursements)	<u>(57,600.00)</u>	<u>57,600.00</u>	<u>0.00</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	18,656.61	148,898.46	167,555.07
Fund Cash Balances, January 1	<u>631,138.74</u>	<u>178,438.35</u>	<u>809,577.09</u>
Fund Cash Balances, December 31	<u>\$649,795.35</u>	<u>\$327,336.81</u>	<u>\$977,132.16</u>

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

**PLEASANT TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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, Marion County, Ohio, (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, and fire protection. The Township contracts with Stofcheck Ambulance Service, Inc. to provide ambulance service. Police protection is provided by the Marion County Sheriff's Department.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Ohio Township Association Risk Management Authority (OTARMA) is a risk sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

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. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

**PLEASANT TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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:

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

Fire & EMS Fund – This fund receives property tax money provided by a levy voted by the people for the fire and EMS services and monies to purchase equipment.

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 2011 and 2010 budgetary activity appears in Note 4.

**PLEASANT TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

For December 31, 2011, 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

**PLEASANT TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. 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. Change in Accounting Principle and Restatement of Fund Balance

For fiscal year 2011, the Township reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2010	GASB 54 Change in Fund Structure	Adjusted Fund Balance at December 31, 2010
General	\$649,795	\$11,298	\$661,093
Special Revenue	\$327,337	(\$11,298)	\$316,039

3. Equity in Pooled 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:

	<u>2011</u>	<u>2010</u>
Demand deposits	\$132,869	\$392,717
Other time deposits (savings and NOW accounts)	250,084	0
Total deposits	<u>382,953</u>	<u>392,717</u>
STAR Ohio	584,752	584,415
Total deposits and investments	<u>\$967,705</u>	<u>\$977,132</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

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

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

<u>2011 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$168,544	\$186,801	\$18,257
Special Revenue	758,209	853,989	95,780
Total	<u>\$926,753</u>	<u>\$1,040,790</u>	<u>\$114,037</u>

**PLEASANT TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$928,580	\$206,205	\$722,375
Special Revenue	975,305	844,011	131,294
Total	<u>\$1,903,885</u>	<u>\$1,050,216</u>	<u>\$853,669</u>

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,240	\$270,648	\$107,408
Special Revenue	470,445	569,255	98,810
Total	<u>\$633,685</u>	<u>\$839,903</u>	<u>\$206,218</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$782,365	\$254,491	\$527,874
Special Revenue	660,897	417,856	243,041
Total	<u>\$1,443,262</u>	<u>\$672,347</u>	<u>\$770,915</u>

5. 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.

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

6. 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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**PLEASANT TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Retirement Systems (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 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, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

**PLEASANT TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Risk Management (Continued)

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$11,282.

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.

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$13,211	\$9,809

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.

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Dave Yost • 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
Marion County
1035 Owens Road West
Marion, Ohio 43302

To the Board of Trustees:

We have audited the financial statements of Pleasant Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 25, 2012, 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 noted the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

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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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 25, 2012.

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

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



Dave Yost
Auditor of State

May 25, 2012

**PLEASANT TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

**Material Weakness
Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments/reclassifications were made to the December 31, 2011 financial statements and the Township's accounting records:

Adjustment of \$98 to move the Road and Bridge Fund activity out of the General Fund. The adjustment impacted ending cash fund balance and intergovernmental receipts.

Adjustment of \$1,638 to move the Fire and EMS Fund activity out of the General Fund. The adjustment impacted ending cash fund balance and intergovernmental receipts.

Adjustment of \$11,298 to move the Zoning Fund activity into the General Fund. The adjustment impacted ending cash fund balance, opening cash fund balance, general government disbursements, and licenses, permits, and fees receipts.

Adjustment of \$73,826 to record on-behalf payments made by the Ohio Public Works Commission (OPWC) into the Gasoline Tax Fund. The adjustment impacted public works disbursements and intergovernmental receipts.

Reclassification of \$266,000 in activity presented in the Fire and EMS fund, decreasing miscellaneous receipts, and increasing intergovernmental receipts.

Reclassification of \$641,689 in ending cash fund balance presented in the General Fund, decreasing assigned ending cash fund balance, and increasing unassigned ending cash fund balance.

The following reclassifications were inconsequential to the overall financial statements of the Township and were not posted to the December 31, 2011 financial statements or the Township's accounting records:

Reclassification of \$1,285 in activity presented in the General Fund, decreasing property and other local tax receipts, and increasing intergovernmental receipts.

Reclassification of \$257 in activity presented in the Road and Bridge Fund, decreasing property and other local tax receipts, and increasing intergovernmental receipts.

Reclassification of \$2,712 in activity presented in the Fire and EMS Fund, decreasing property and other local tax receipts, and increasing intergovernmental receipts.

Reclassification of \$29,058 in activity presented in the Park Fund, decreasing miscellaneous receipts, and increasing intergovernmental receipts.

**PLEASANT TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-01 (Continued)

**Material Weakness
Financial Reporting (Continued)**

Reclassification of \$34,273 in ending cash fund balance presented in the Park Fund, decreasing committed ending cash fund balance, and increasing assigned ending cash fund balance.

The following audit adjustments were made to the December 31, 2010 financial statements and the Township's accounting records:

Adjustment of \$2,780 to move the Road and Bridge Fund activity out of the General Fund. The adjustment impacted ending cash fund balance and intergovernmental receipts.

Adjustment of \$46,495 to move the Fire and EMS Fund activity out of the General Fund. The adjustment impacted ending cash fund balance and intergovernmental receipts.

Adjustment of \$60,100 to record a transfer from the General Fund to the Park Fund instead of accounting for the transaction through a fund balance adjustment. The adjustment impacted transfers in, transfers out, and beginning cash fund balance.

Adjustment of \$1,656 to move General Fund activity out of the Fire and EMS Fund. The adjustment impacted ending cash fund balance, general government disbursements, and public safety disbursements.

Adjustment of \$19,447 to record a receipt in the Fire and EMS fund instead of accounting for the transaction through a fund balance adjustment. The adjustment impacted miscellaneous receipts, and beginning cash fund balance.

Adjustment of \$75 to remove a fund balance adjustment from the Park Fund. The adjustment impacted beginning cash fund balance and ending cash fund balance.

The following reclassifications were inconsequential to the overall financial statements of the Township and were not posted to the December 31, 2010 financial statements or the Township's accounting records:

Reclassification of \$3,649 in activity presented in the General Fund, decreasing property and other local tax receipts, and increasing intergovernmental receipts.

Reclassification of \$730 in activity presented in the Road and Bridge Fund, decreasing property and other local tax receipts, and increasing intergovernmental receipts.

Reclassification of \$6,657 in activity presented in the Fire and EMS Fund, decreasing property and other local tax receipts, and increasing intergovernmental receipts.

Reclassification of \$10,000 in activity presented in the Road and Bridge Fund, decreasing miscellaneous receipts, and increasing intergovernmental receipts.

**PLEASANT TOWNSHIP
MARION COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-01 (Continued)

**Material Weakness
Financial Reporting (Continued)**

The adjustments and reclassifications identified above should be reviewed by the Fiscal Officer and Township Trustees to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Township should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the Township's activity.

Officials' Response

To the best of our knowledge we have corrected all adjustments and reclassifications mentioned in Finding 2011-01. We have made notes of such findings and will make every attempt to closely monitor the revenue postings for their specific purpose.

FINDING NUMBER 2011-02

**Noncompliance Citation
Revenue Posting**

Ohio Rev. Code Section 5705.10 states, in part, that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made. 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.

The Township posted \$266,000 of FEMA grant fund monies to the Fire & EMS fund. The Township also posted \$46,495 and \$2,780 of Fire and EMS Fund and Road and Bridge Fund intergovernmental receipts, respectively, to the General Fund.

The Township has agreed to and properly posted these adjustments to the accounting records. These adjustments are also reflected in the financial statements.

We recommend the Township closely monitor the posting of revenue derived for a particular purpose to ensure the revenue is paid into the special revenue fund for such purpose.

Officials' Response

To the best of our knowledge we have corrected all adjustments mentioned in Finding 2011-02. We have made notes of such findings and will make every attempt to closely monitor the revenue postings for their specific purpose.

**PLEASANT TOWNSHIP
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Material Weakness – Financial Reporting	No	Not corrected. This comment is being repeated as finding 2011-01.
2009-002	Noncompliance Citation – Revenue Posting	No	Not corrected. This comment is being repeated as finding 2011-02.



Dave Yost • Auditor of State

PLEASANT TOWNSHIP

MARION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 26, 2012**