

PLEASANT TOWNSHP

PERRY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021





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Board of Trustees
Pleasant Township
10430 Biddison St.
Moxahala, OH 43761

We have reviewed the *Independent Auditor's Report* of Pleasant Township, Perry County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Pleasant Township is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 03, 2023

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**PLEASANT TOWNSHIP
PERRY COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Pleasant Township
Perry County
P.O Box 472
Moxahala, OH 43761

To the Board of Trustees:

Report on the Audit of the Financial Statements

Qualified and Adverse Opinions

We have audited the financial statements of Pleasant Township, Perry County, Ohio (the Township), which comprise the cash balances, receipts and disbursements for each governmental and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position, thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

In prior periods, the Township did not properly allocate the Trustees' salaries and related payroll expenditures to the correct funds since no payroll certifications or other support was provided to charge funds other than the General Fund. The cumulative effect of these prior adjustments would decrease the General Fund cash balance by \$52,963 and increase the Special Revenue - Gasoline Tax Fund cash balance by \$43,159, the Special Revenue - Road & Bridge Fund by \$5,097, and the Special Revenue - Cemetery Fund by \$4,707. The Township declined to make these adjustments.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matters

As discussed in Note 11 to the financial statements for 2022 and 2021, the Township is experiencing financial difficulties. Management has declined to post the aforementioned adjustments discussed in the *Basis for Adverse Opinion on Regulatory Basis of Accounting* paragraph due to the General Fund's cash balance not being sufficient to support these adjustments. As of the date of this report, management does not have a formal plan in place to alleviate this situation. The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

As discussed in Note 12 to the financial statements for 2022 and 2021, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Charles E. Harris & Associates, Inc.
August 25, 2023

**PLEASANT TOWNSHIP
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 26,760	\$ 52,676	\$ -	\$ 79,436
License, Permits & Fees	-	900	-	900
Intergovernmental	17,056	201,890	-	218,946
Earnings On Investments	119	175	-	294
Miscellaneous	331	3,030	-	3,361
<i>Total Cash Receipts</i>	<u>44,266</u>	<u>258,671</u>	<u>-</u>	<u>302,937</u>
Cash Disbursements				
Current:				
General Government	34,165	52,704	-	86,869
Public Safety	-	18,850	-	18,850
Public Works	-	106,423	-	106,423
Health	-	14,381	-	14,381
Debt Service:				
Principal Retirement	-	9,815	3,770	13,585
Interest and Fiscal Charges	-	1,494	-	1,494
<i>Total Cash Disbursements</i>	<u>34,165</u>	<u>203,667</u>	<u>3,770</u>	<u>241,602</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	10,101	55,004	(3,770)	61,335
Other Financing Receipts				
Sale of Fixed Assets	25,000	-	-	25,000
<i>Total Other Financing Receipts</i>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
<i>Net Change in Fund Cash Balances</i>	35,101	55,004	(3,770)	86,335
<i>Fund Cash Balances, January 1</i>	<u>(30,599)</u>	<u>254,978</u>	<u>5,398</u>	<u>229,777</u>
Fund Cash Balances, December 31	<u>\$ 4,502</u>	<u>\$ 309,982</u>	<u>\$ 1,628</u>	<u>\$ 316,112</u>

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

PLEASANT TOWNSHIP
PERRY COUNTY
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2022

	Fiduciary Fund Types
	Private Purpose Trust
Additions	
Earnings on Investments	\$ 5
<i>Total Additions</i>	5
<i>Net Change in Fund Balances</i>	5
<i>Fund Cash Balances, January 1</i>	527
<i>Fund Cash Balances, December 31</i>	\$ 532

See accompanying notes to the financial statements

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Pleasant Township, Perry 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, and fire protection services. The Township contracts with the New Lexington EMS, Corning Volunteer Fire Department, and Crooksville EMS to provide EMS and fire protection.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types, which are organized on a fund type basis.

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:

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

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

Fire Levy Fund This fund receives property tax monies to pay for fire protection to Township residents.

Debt Service Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

General Note Retirement Fund This fund accumulates resources for the payment of note principal and interest.

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Township's private purpose trust fund is for the benefit of certain individuals.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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 unencumbered 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 carried over, and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

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.

Capital Assets

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

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 statements do 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 fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 28,000	\$ 69,266	\$ 41,266
Special Revenue	93,652	258,671	165,019
Debt Service	-	-	-
Private Purpose Trust	-	5	5

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 29,701	\$ 36,872	\$ (7,171)
Special Revenue	313,615	212,823	100,792
Debt Service	5,395	3,770	1,625
Private Purpose Trust	-	-	-

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund, Gasoline Tax, Road and Bridge and Motor Vehicle License Tax Funds. Contrary to Ohio Revised Code Section 5705.41(D), funds were not properly certified prior to commitment to expend funds.

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit accounts are as follows:

	2022
Demand deposits	\$ 316,644

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding no unremitted employee payroll withholdings.

Deposits

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

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 6 – 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 Township'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:

	2022
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7– Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All Township employees belong to the Ohio Public Employees Retirement System (OPER). OPER is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care 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, 2022.

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – 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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Truck Note	\$ 43,214	2.96%

In 2020, the Township issued a promissory note to finance the purchase of a new truck for Township road maintenance.

Amortization

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

Year Ending	Truck
2023	\$15,079
2024	15,079
2025	15,079
Total	\$45,237

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 2,707	\$ 9,156	\$ 11,863

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Financial Difficulties

At December 31, 2022, the following funds had adjustments from 2020 and 2019 which the Township declined to make in the following amounts:

<u>Fund</u>	<u>December 31, 2022 Balance</u>	<u>Adjustments Not Made</u>	<u>Effect on December 30, 2022 Balance</u>
General	\$ 4,502	(\$52,963)	(\$48,461)
Special Revenue	309,982	52,963	362,945

These adjustments were not made by the Township due to the negative impact posting these adjustments would have on the General Fund balance. The adjustments not made in the Special Revenue Fund type would have increased the Gasoline Tax Fund by \$43,159, the Road and Bridge Fund by \$5,097 and the Cemetery Fund by \$4,707. At this time, the Township does not have a formal plan in place to alleviate this situation.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 23,025	\$ 50,520	\$ 2,500	\$ 76,045
Licenses, Permits & Fees	-	1,000	-	1,000
Intergovernmental	17,092	178,021	-	195,113
Earnings On Investments	104	161	-	265
Miscellaneous	1,254	3,885	-	5,139
<i>Total Cash Receipts</i>	<u>41,475</u>	<u>233,587</u>	<u>2,500</u>	<u>277,562</u>
Cash Disbursements				
Current:				
General Government	75,169	-	-	75,169
Public Safety	-	45,101	-	45,101
Public Works	-	66,981	-	66,981
Health	-	12,335	-	12,335
Debt Service:				
Principal Retirement	-	892	12,309	13,201
Interest and Fiscal Charges	-	1,021	857	1,878
<i>Total Cash Disbursements</i>	<u>75,169</u>	<u>126,330</u>	<u>13,166</u>	<u>214,665</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(33,694)	107,257	(10,666)	62,897
Other Financing Receipts				
Sale of Fixed Assets	2,200	-	-	2,200
<i>Total Other Financing Receipts</i>	<u>2,200</u>	<u>-</u>	<u>-</u>	<u>2,200</u>
<i>Net Change in Fund Cash Balances</i>	(31,494)	107,257	(10,666)	65,097
<i>Fund Cash Balances, January 1</i>	<u>895</u>	<u>147,721</u>	<u>16,064</u>	<u>164,680</u>
Fund Cash Balances, December 31	<u><u>\$ (30,599)</u></u>	<u><u>\$ 254,978</u></u>	<u><u>\$ 5,398</u></u>	<u><u>\$ 229,777</u></u>

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

PLEASANT TOWNSHIP
PERRY COUNTY
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	Fiduciary Fund Types
	Private Purpose Trust
Additions	
Earnings on Investments	\$ 4
<i>Total Additions</i>	4
<i>Net Change in Fund Balances</i>	4
<i>Fund Cash Balances, January 1</i>	523
<i>Fund Cash Balances, December 31</i>	\$ 527

See accompanying notes to the financial statements

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Pleasant Township, Perry 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, and fire protection services. The Township contracts with the New Lexington EMS, Corning Volunteer Fire Department, and Crooksville EMS to provide EMS and fire protection.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types, which are organized on a fund type basis.

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:

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

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

Fire Levy Fund This fund receives property tax monies to pay for fire protection to Township residents.

Debt Service Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

General Note Retirement Fund This fund accumulates resources for the payment of note principal and interest.

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus the unencumbered 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 carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

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.

Capital Assets

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

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 statements do 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 fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,900	\$ 43,675	\$ (9,225)
Special Revenue	136,732	233,587	96,855
Debt Service	2,510	2,500	(10)
Private Purpose Trust	-	4	4

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 61,526	\$ 78,185	\$ (16,659)
Special Revenue	293,517	133,103	160,414
Debt Service	13,510	13,166	344
Private Purpose Trust	-	-	-

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund, Gasoline Tax, Road and Bridge and Motor Vehicle License Tax Funds. In addition, contrary to Ohio Revised Code Section 5705.41(D), funds were not properly certified prior to commitment to expend funds.

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township's deposit accounts are as follows:

	2021
Demand deposits	\$ 230,304

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Property Taxes (Continued)

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

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

Note 6 – 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 Township'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:

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All Township 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 health care 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, 2021.

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Rate</u>
Truck Note	\$56,799	2.96%

In 2020, the Township issued a promissory note to finance the purchase of a new truck for Township road maintenance.

Amortization

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

Year Ending December 31:	<u>Truck</u>
2022	\$ 15,079
2023	15,079
2024	15,079
2025	15,079
Total	<u>\$ 60,316</u>

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 3,016	\$ 6,773	\$ 9,789

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Pleasant Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Financial Difficulties

At December 31, 2021, the following funds had adjustments from 2020 and 2019 which the Township declined to make in the following amounts:

Fund	December 31, 2021 Balance	Adjustments Not Made	Effect on December 30, 2021 Balance
General	\$(30,599)	(\$52,963)	(\$84,562)
Special Revenue	254,978	52,963	307,941

These adjustments were not made by the Township due to the negative impact posting these adjustments would have on the General Fund balance. The adjustments not made in the Special Revenue Fund type would have increased the Gasoline Tax Fund by \$43,159, the Road and Bridge Fund by \$5,097 and the Cemetery Fund by \$4,707. At this time, the Township does not have a formal plan in place to alleviate this situation.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

Pleasant Township
Perry County
P.O Box 472
Moxahala, OH, 43761

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type of Pleasant Township, Perry County, (the Township) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated August 25, 2023, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We issued an adverse opinion due to the Township declining to make past audit adjustments. We noted the Township is experiencing financial difficulties. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *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 Township's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 to 2022-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2022-003 and 2022-005 to 2022-007.


We also noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 25, 2023.

Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
August 25, 2023

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

Material Weakness

Bank Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board of Trustees are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of 2022 or 2021. The Township's monthly reconciliations of bank to book balances contained various unexplained reconciling items which were labeled as "other adjusting factors" for December 31, 2022 and 2021 in the amounts of \$241 and \$1,138, respectively. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

Additionally, the Township's outstanding checklist included old outstanding checks. Carrying old outstanding checks on the reconciliations causes monthly reconciliations to become a cumbersome task and could cause errors and/or irregularities to occur and not be detected in a timely manner. Checks outstanding for more than one year should be investigated and voided from the Township's accounting system, if appropriate.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Trustees should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Management's Response – See Corrective Action Plan

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-002

FINDING 2022-002 - Material Weakness

Financial Reporting - Posting Receipts and Disbursements

The Township should have procedures and controls in place to prevent and detect errors in financial reporting. During 2022 and 2021, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

For 2022

- Homestead and Rollback was posted to property taxes instead of intergovernmental in the General and Special Revenue Funds in the amount of \$4,068 and \$3,042; respectively.
- Sale of Assets in the amount of \$25,000 was posted to Other Miscellaneous receipts.
- Principal payments in the amount of \$789 and Interest in the amount of \$468 were posted to public works.

For 2021

- Homestead and Rollback was posted to property taxes instead of intergovernmental in the General and Special Revenue Funds in the amount of \$4,001 and \$3,036; respectively.
- Principal payments in the amount of \$892 and Interest in the amount of \$1,021 was posted to public works.

Not posting receipts and disbursements correctly resulted in the financial statements requiring reclassification entries. The financial statements reflect all reclassifications and adjustments.

Also, during 2022 and 2021 aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the following note disclosures:

- Summary of Significant Accounting Policies
- Budgetary Activity
- Deposits
- Risk Management
- Defined Benefit Pension Plans
- Debt
- Financial Difficulties
- Fund Balances
- Covid-19

We recommend the Fiscal Officer refer to the Ohio Township Handbook, Uniform Accounting Network (UAN) Manual and Auditor of State guidance to determine the proper establishment of disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Township use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

Management's Response – See Corrective Action Plan

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-003

Noncompliance and Material Weakness

Payroll Certification: Allocating Township Trustee and Fiscal Officer Compensation

Ohio Rev. Code § 505.24(C)) requires that for trustees and fiscal officers to be paid from funds other than the general fund, a resolution must be passed unanimously to allow it. The resolution shall the proportions of the salaries that are to be paid from each fund. Trustees and fiscal officers must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. A sample certification form can be found at the Auditor of State website. If 100% of the compensation of the township trustee and fiscal officer is to be paid to from the general fund, no certification is required.

In 2022, the Township's Board of Trustee's passed a salary allocation resolution indicating Trustee payments would be made in the following allocations: General Fund – 25%, Gas Tax Fund – 41%, Cemetery Fund – 9%, and Road and Bridge Fund – 25%. In 2021, the Trustee's did not complete time certifications, therefore, all gross salaries and related employer contributions (OPERS and Medicare) should have been paid from the General Fund.

However in 2022, the salaries were allocated 13% to the General Fund, 74% to the Gasoline Tax Fund, 4% to the Road and Bridge Fund, and 9% to the Cemetery Fund. In 2021, the salaries were allocated 25% to the General Fund, 52% to the Gasoline Tax Fund, 15% to the Road and Bridge Fund, and 8% to the Cemetery Fund. Additionally, the related employer contributions (OPERS and Medicare) paid did not follow the payroll allocation. It was paid 100% from the Gasoline Tax Fund for both years. These errors resulted in misstatements to the financial statements.

- In 2022, Public Works Disbursements were overstated in the Gasoline Tax fund by \$11,586. Public Works Disbursements were understated in the Road and Bridge Fund by \$7,045 and Health Disbursements in the Cemetery Fund were overstated by \$39. This resulted in General Government Disbursements in the General Fund to be understated by \$4,502.
- In 2021, Public Works Disbursements were overstated in the Gasoline Tax and Road and Bridge funds by \$19,759 and \$4,355, respectively, and Health Disbursements in the Cemetery Fund were overstated by \$2,345. This resulted in General Government Disbursements in the General Fund to be understated by \$26,459.

In 2022, the Fiscal Officer did not complete time certifications, therefore, all gross salaries and related employer contributions (OPERS and Medicare) should have been paid from the General Fund.

In 2022, the fiscal officer's salary was actually allocated 41% to the General Fund, 50% to the Gasoline Tax Fund, 8% to the Cemetery Fund and 1% to the Fire Fund. These errors resulted in misstatements to the financial statements.

- General Government Disbursements were overstated in the Gasoline Tax, Cemetery, and Fire Funds by fund by \$7,649, \$1,128, and \$100; respectively. This resulted in General Government Disbursements in the General Fund to be understated by \$8,877.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-003 (CONTINUED)

Noncompliance and Material Weakness (Continued)

Payroll Certification: Allocating township trustee and fiscal officer compensation (Continued)

These errors resulted in misstatements to the financial statements as the Fiscal Officer has posted these adjustments to the Township records and therefore, these adjustments are reflected in the accompanying financial statements.

The Township should draft, approve, and implement the implementation of policies and procedures to help ensure compensation and certifications are made in accordance with Ohio Rev. Code § 505.24.

Management’s Response – See Corrective Action Plan

FINDING NUMBER 2022-004

Material Weakness

Advances

AOS Bulletin 1997-003 sets forth the requirements for inter-fund advances. The bulletin indicates in order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the “creditor” fund) for the same purpose for which the fund receiving the cash (the “debtor” fund) was established. Further the bulletin indicates, Advances are intended to temporarily reallocate cash from one fund to another and involves an expectation of repayment.

During 2021, the Township advanced \$10,000 to the General and Road and Bridge funds from the Gasoline Tax Fund. The Gasoline Tax Fund does not have the same statutory authority as the General Fund and therefore the advances would not have been allowable. Additionally, the advances were not repaid by General or Road and Bridge Fund to the Gasoline Tax Fund during 2021 or 2022, therefore making the advances not a temporary reallocation of cash.

The fiscal officer has corrected the Township’s records and the financial statements have been adjusted to correct the advances.

We recommend the Township Officials follow AOS Bulletin 1997-003 for the Advancing of funds.

Management’s Response – See Corrective Action Plan

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-005

Noncompliance

Negative Fund Balances

Ohio Rev. Code § 5705.10(l) requires that money paid into any fund shall be used only for the purposes for which such fund is established. Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The General and Road & Bridge funds had a deficit fund balance of \$30,599 and \$606, respectively, at December 31, 2021. Negative fund balances could result in the use of restricted receipts for unallowable purposes. Procedures and controls, such as the Fiscal Officer and Board's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Township should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances. Management should also monitor funds to ensure negative balances do not occur.

Management's Response – See Corrective Action Plan

FINDING NUMBER 2022-006

Noncompliance

Appropriations Exceeds Estimated Resources

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2022, the Township's appropriations exceeded the amount certified as available by the budget commission in the General Fund by \$32,300.

At December 31, 2021, the Township's appropriations exceeded the amount certified as available by the budget commission in the General Fund, Motor Vehicle License, Gasoline Tax, Road & Bridge funds by \$7,731, \$1,601, \$13,542, \$8,063, respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Township's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-006 (CONTINUED)

Noncompliance (Continued)

Appropriations Exceeds Estimated Resources (Continued)

The Township should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Township should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board to reduce the appropriations.

Management's Response – See Corrective Action Plan

FINDING NUMBER 2022-007

Noncompliance

Certification of Available Funds

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-007 (CONTINUED)

Noncompliance (Continued)

Certification of Available Funds (Continued)

3. Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 90% and 100% of the transactions tested in 2022 and 2021, respectively, were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Board followed the aforementioned exceptions.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

Management's Response – See Corrective Action Plan

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Internal Controls over Bank Reconciliations	Not Corrected	N/A
2020-002	Fair Presentation of Financial Statement & Notes	Not Corrected	N/A
2020-003	Ohio Revised Code 505.23(C) Trustee Compensation allocation done incorrectly.	Not Corrected	The cumulative effect of these prior adjustments would decrease the General Fund cash balance by \$52,963 and increase the Special Revenue Gasoline Tax Fund cash balance by \$43,159, the Special Revenue Road & Bridge Fund by \$5,097, and the Special Revenue Cemetery Fund by \$4,707.
2020-004	ORC 133 authorizes certain methods by which Township's may incur debt.	Corrected	No new debt issued during the audit period.
2020-005	Negative Fund Balances , Inappropriate use of Advances and Transfers	Not Corrected	N/A
2020-006	The Township did not certify to the County Auditor the Appropriations	Corrected	N/A
2020-007	The Appropriations Exceeded the Amount certified as Available by the Budget Commission.	Not Corrected	N/A
2020-008	ORC 5570.41(D)(1) Purchase Order does not proceed the invoice date	Not Corrected	N/A

**PLEASANT TOWNSHIP
PERRY COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	Fiscal Officer will reconcile monthly bank reconciliation's to UAN accounting system on a timely basis. The Board will also approve the bank to book reconciliations.	Immediately	Jo Ellen Alfman – Fiscal Officer
2022-002	Fiscal Officer will Post Receipts and Disbursements in accordance with the Township Handbook.	Immediately	Jo Ellen Alfman – Fiscal Officer
2022-003	The Fiscal Officer will follow the board approved Trustee salary allocations in accordance with Ohio Revised Code § 505.24(C).	Immediately	Jo Ellen Alfman – Fiscal Officer
2022-004	The Fiscal Officer will follow guidance form AOS Bulletin 97-003.	Immediately	Jo Ellen Alfman – Fiscal Officer
2022-005	The Fiscal Officer will review funds balances for negative fund balance and take measures to correct the balance.	Immediately	Jo Ellen Alfman – Fiscal Officer
2022-006	The Fiscal Officer will not appropriate more than available estimated resources.	Immediately	Jo Ellen Alfman – Fiscal Officer
2022-007	The Fiscal Officer and Board will approve and certified Purchase orders, Then and Now, Super Blanket before the disbursement transaction.	Immediately	Jo Ellen Alfman – Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



PLEASANT TOWNSHIP

PERRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/16/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov