



**PLEASANT TOWNSHIP
KNOX COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PLEASANT TOWNSHIP
KNOX COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Second Floor
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Pleasant Township
Knox County
10625 Jacobs Drive
Mount Vernon, OH 43050

We have audited the accompanying financial statements of Pleasant Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2000 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 grants.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 14, 2000

**PLEASANT TOWNSHIP
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$31,269	\$78,171	\$109,440
Intergovernmental	44,010	73,530	117,540
Licenses, Permits, and Fees	5,047	1,850	6,897
Earnings on Investments	1,219	566	1,785
Other Receipts	3,025	0	3,025
 Total Cash Receipts	 84,570	 154,117	 238,687
Cash Disbursements:			
Current:			
General Government	61,293	0	61,293
Public Safety	0	23,231	23,231
Public Works	0	100,101	100,101
Health	1,299	2,972	4,271
Capital Outlay	157,598	345	157,943
 Total Cash Disbursements	 220,190	 126,649	 346,839
 Total Receipts Over/(Under) Disbursements	 (135,620)	 27,468	 (108,152)
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes	75,000	0	75,000
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (60,620)	 27,468	 (33,152)
 Fund Cash Balances, January 1, 1999	 93,010	 52,539	 145,549
 Fund Cash Balances, December 31, 1999	 \$32,390	 \$80,007	 \$112,397

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

PLEASANT TOWNSHIP
KNOX COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$40</u>
Operating Income/(Loss)	40
Fund Cash Balance, January 1, 1999	<u>1,609</u>
Fund Cash Balance, December 31, 1999	<u><u>\$1,649</u></u>

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

**PLEASANT TOWNSHIP
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$29,577	\$75,312	\$104,889
Intergovernmental	38,271	72,787	111,058
Licenses, Permits, and Fees	3,177	2,650	5,827
Earnings on Investments	2,548	626	3,174
Other Receipts	2,322	250	2,572
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	75,895	151,625	227,520
Cash Disbursements:			
Current:			
General Government	57,738	0	57,738
Public Safety	0	25,527	25,527
Public Works	110	131,917	132,027
Health	2,668	2,574	5,242
Capital Outlay	13,981	46	14,027
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	74,497	160,064	234,561
Total Receipts Over/(Under) Disbursements	1,398	(8,439)	(7,041)
Fund Cash Balances, January 1, 1998	91,610	60,978	152,588
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 1998	<u>\$93,008</u>	<u>\$52,539</u>	<u>\$145,547</u>

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

PLEASANT TOWNSHIP
KNOX COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$56</u>
Operating Income/(Loss)	56
Fund Cash Balance, January 1, 1998	<u>1,553</u>
Fund Cash Balance, December 31, 1998	<u><u>\$1,609</u></u>

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

**PLEASANT TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Township, Knox County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road repair and maintenance, and cemetery maintenance. The Township contracts with the City of Mount Vernon to provide fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Road and Bridge Fund and Road District Fund - These funds receive tax money levied for the purpose of constructing, maintaining, and repairing Township roads.

Fire District Fund - This fund receives tax money levied for the purpose of providing fire protection services to Township residents.

**PLEASANT TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township had the following significant Nonexpendable Trust Fund.

Cemetery Bequest - This fund receives interest income from bequests for the benefit of the cemetery.

D. 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 and 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. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**PLEASANT TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash pool used by all funds except for the balance in the Non Expendable Trust Fund, which is invested in a Certificate of Deposit.. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	1999	1998
Demand deposits	\$112,956	\$146,068
Certificate of Deposit	1,088	1,088
	\$114,044	\$147,156

Deposits: Deposits are either collateralized by FDIC or the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$144,575	\$159,570	\$14,995
Special Revenue	142,431	154,117	11,686
Total	\$287,006	\$313,687	\$26,681

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$235,549	\$220,190	\$15,359
Special Revenue	197,126	126,649	70,477
Total	\$432,675	\$346,839	\$85,836

**PLEASANT TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,989	\$75,895	\$7,906
Special Revenue	145,031	151,625	6,594
Total	\$213,020	\$227,520	\$14,500

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$154,946	\$74,497	\$80,449
Special Revenue	209,647	160,064	49,583
Total	\$364,593	\$234,561	\$130,032

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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.

**PLEASANT TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	75,000	5%

The general obligation notes were issued to finance the construction of a new Township Hall. The notes are collateralized solely by the Township Hall.

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

Year ending December 31:	General Obligation Notes
2000	\$10,530
2001	11,060
2002	11,590
2003	12,120
2004	12,650
2005 - 2007	34,010
Total	\$91,960

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance from Personal Insurance Company for general, automobile, and property liability and from General Star National Insurance Company for official's liability.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Pleasant Township
Knox County
10625 Jacobs Drive
Mount Vernon, Ohio 43050

We have audited the accompanying financial statements of Pleasant Township, Knox County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 14, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 14, 2000.

This report is intended for the information and use of the Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

June 14, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

PLEASANT TOWNSHIP

KNOX 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
JULY 13, 2000**