



**Auditor of State
Betty Montgomery**

**PLEASANT TOWNSHIP
HENRY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Township
Henry County
327 Railway Ave., P.O. Box 463
Holgate, OH 43527-0463

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Henry County, (the Township) as of and for the years ended December 31, 2002 and 2001. 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 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. 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, 2002 and 2001, 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 April 28, 2003 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Pleasant Township
Henry County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 28, 2003

**PLEASANT TOWNSHIP
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$21,302	\$107,133	\$128,435
Intergovernmental	21,792	74,677	96,469
Charges for Services		13,166	13,166
Licenses, Permits, and Fees		1,050	1,050
Earnings on Investments	5,850	2,781	8,631
Other Revenue	405	3,137	3,542
	<u>49,349</u>	<u>201,944</u>	<u>251,293</u>
Total Cash Receipts			
	<u>49,349</u>	<u>201,944</u>	<u>251,293</u>
Cash Disbursements:			
Current:			
General Government	64,443	823	65,266
Public Safety		22,952	22,952
Public Works		91,118	91,118
Health	1,018	889	1,907
Capital Outlay	1,656	11,143	12,799
	<u>67,117</u>	<u>126,925</u>	<u>194,042</u>
Total Cash Disbursements			
	<u>67,117</u>	<u>126,925</u>	<u>194,042</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(17,768)</u>	<u>75,019</u>	<u>57,251</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		1,500	1,500
Transfers-Out	(1,500)		(1,500)
	<u>(1,500)</u>	<u>1,500</u>	<u>(1,500)</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(1,500)</u>	<u>1,500</u>	<u>(1,500)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(19,268)</u>	<u>76,519</u>	<u>57,251</u>
Fund Cash Balances, January 1	<u>123,171</u>	<u>446,964</u>	<u>570,135</u>
Fund Cash Balances, December 31	<u><u>\$103,903</u></u>	<u><u>\$523,483</u></u>	<u><u>\$627,386</u></u>

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

**PLEASANT TOWNSHIP
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$21,117	\$107,014	\$128,131
Intergovernmental	67,939	78,829	146,768
Charges for Services		14,856	14,856
Licenses, Permits, and Fees		500	500
Earnings on Investments	7,215	3,251	10,466
Other Revenue	685	1,476	2,161
	<u>96,956</u>	<u>205,926</u>	<u>302,882</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	64,017	619	64,636
Public Safety		20,268	20,268
Public Works		102,168	102,168
Health	807	1,053	1,860
Capital Outlay	2,737	27,342	30,079
	<u>67,561</u>	<u>151,450</u>	<u>219,011</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	<u>29,395</u>	<u>54,476</u>	<u>83,871</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		1,500	1,500
Transfers-Out	(1,500)		(1,500)
	<u>(1,500)</u>	<u>1,500</u>	
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	27,895	55,976	83,871
Fund Cash Balances, January 1	<u>95,276</u>	<u>390,988</u>	<u>486,264</u>
Fund Cash Balances, December 31	<u>\$123,171</u>	<u>\$446,964</u>	<u>\$570,135</u>

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

**PLEASANT TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Township, Henry County, (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 road and bridge maintenance, cemetery maintenance, and fire protection.

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:

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

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

Fire District Fund - This fund receives property tax money to pay for operating and maintaining the fire department.

**PLEASANT TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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 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.

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 2002 and 2001 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.

2. EQUITY IN POOLED CASH

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

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$627,386</u>	<u>\$570,135</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**PLEASANT TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,554	\$49,349	\$7,795
Special Revenue	189,410	203,444	14,034
Total	<u>\$230,964</u>	<u>\$252,793</u>	<u>\$21,829</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,969	\$68,617	\$46,352
Special Revenue	479,400	126,925	352,475
Total	<u>\$594,369</u>	<u>\$195,542</u>	<u>\$398,827</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,286	\$96,956	\$16,670
Special Revenue	190,507	207,426	16,919
Total	<u>\$270,793</u>	<u>\$304,382</u>	<u>\$33,589</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,250	\$69,061	\$40,189
Special Revenue	465,190	151,450	313,740
Total	<u>\$574,440</u>	<u>\$220,511</u>	<u>\$353,929</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

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

**PLEASANT TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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. This plan provides retirement benefits, including postretirement healthcare, 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 2002 and 2001, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries for 2002 and 2001. The Township had a of \$2,272 contribution still outstanding to OPERS at December 31, 2002.

7. RISK MANAGEMENT

Risk Pool Membership

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

**PLEASANT TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

The aforementioned casualty and property reinsurance agreements do 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 report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	9,379,003	8,924,977
Retained Earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	647,667	497,831
Retained Earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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**Auditor of State
Betty Montgomery**

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

Pleasant Township
Henry County
327 Railway Ave., P.O. Box 463
Holgate, OH 43527-0463

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 28, 2003. We conducted our audits 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.

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 the 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings as items 2002-40135-001 through 2002-40135-004.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the 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.

Pleasant Township
Henry County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 28, 2003

**PLEASANT TOWNSHIP
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-40135-001

Findings Repaid Under Audit

Ohio Revised Code § 505.24 sets the compensation for township trustees, where the township's budget falls between \$500,001 and \$750,000 at \$38.25 per day and \$750,000 to \$1,500,000, at \$43.71 per day, not to exceed 200 days per year or \$7,650 and \$8,742 respectively. The Trustee may not however enjoy the benefits of the increase retroactively and be paid the higher rate for days of work preceding amendment of the budget. On July 18, 2001 the township budget was increased placing the township in the higher budget level as described above. Pleasant Township Trustee Richard Gill was compensated retroactively at the level of the revised township budget in the amount of \$8,742.00. The compensation should have been paid proportionately between the two levels amounting to \$8,149.03. This resulted in an overpayment of \$592.97.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended against Richard Gill, Pleasant Township Trustee, and Ohio Township Association Risk Management Authority, his bonding company, jointly and severally, in the amount of five hundred ninety-two dollars and ninety-seven cents (\$592.97), and in favor of the Pleasant Township, Special Revenue Gas Tax Fund.

The overpayment was deducted from Richard Gill's salary in February and March of 2003.

FINDING NUMBER 2002-40135-002

Findings Repaid Under Audit

Ohio Revised Code § 505.24 sets the compensation for township trustees, where the township's budget falls between \$500,001 and \$750,000 at \$38.25 per day and \$750,000 to \$1,500,000, at \$43.71 per day, not to exceed 200 days per year or \$7,650 and \$8,742 respectively. The Trustee may not however enjoy the benefits of the increase retroactively and be paid the higher rate for days of work preceding amendment of the budget. On July 18, 2001 the township budget was increased placing the township in the higher budget level as described above. Pleasant Township Trustee Andrew Hoffman was compensated retroactively at the level of the revised township budget in the amount of \$8,742.00. The compensation should have been paid proportionately between the two levels amounting to \$8,149.03. This resulted in an overpayment of \$592.97.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended against Andrew Hoffman, Pleasant Township Trustee, and Ohio Township Association Risk Management Authority, his bonding company, jointly and severally, in the amount of five hundred ninety-two dollars and 97 cents (\$592.97), and in favor of the Pleasant Township, Special Revenue Gas Tax Fund.

The overpayment was deducted from Andrew Hoffman's salary in February and March of 2003.

FINDING NUMBER 2002-40135-003

Findings Repaid Under Audit

Ohio Revised Code § 505.24 sets the compensation for township trustees, where the township's budget falls between \$500,001 and \$750,000 at \$38.25 per day and \$750,000 to \$1,500,000, at \$43.71 per day, not to exceed 200 days per year or \$7,650 and \$8,742 respectively. The Trustee may not however enjoy the benefits of the increase retroactively and be paid the higher rate for days of work preceding amendment of the budget. On July 18, 2001 the township budget was increased placing the township in the higher budget level as described above. Pleasant Township Trustee Thomas Hohenberger was compensated retroactively at the level of the revised township budget in the amount of \$8,742.00. The compensation should have been paid proportionately between the two levels amounting to \$8,149.03. This resulted in an overpayment of \$592.97.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended against Thomas Hohenberger, Pleasant Township Trustee, and Ohio Township Association Risk Management Authority, his bonding company, jointly and severally, in the amount of five hundred ninety-two dollars and 97 cents (\$592.97), and in favor of the Pleasant Township, Special Revenue Gas Tax Fund.

The overpayment was deducted from Thomas Hohenberger's salary in February and March of 2003.

FINDING NUMBER 2002-40135-004

Findings Repaid Under Audit

Ohio Revised Code § 507.09 sets the compensation for the township clerk, where the township's budget falls between \$500,001 and \$750,000 at \$12,020 annually and \$750,000 to \$1,500,000, at \$14,424 annually. The Clerk may not however enjoy the benefits of the increase retroactively and be paid the higher rate for days of work preceding amendment of the budget. On July 18, 2001 the township budget was increased placing the township in the higher budget level as described above. Pleasant Township Clerk Treasurer Diane Hoellrich was compensated retroactively at the level of the revised township budget in the amount of \$14,424. The compensation should have been paid proportionately between the two levels amounting to \$13,118.53. This resulted in an overpayment of \$1,305.47.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended against Diane Hoellrich, Pleasant Township Clerk Treasurer, and Ohio Township Association Risk Management Authority, her bonding company, jointly and severally, in the amount of one thousand three hundred five dollars and forty seven cents (\$1,305.47), and in favor of the Pleasant Township, General Fund.

The overpayment was deducted from Diane Hoellrich's salary in February and March of 2003.



**Auditor of State
Betty Montgomery**

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PLEASANT TOWNSHIP

HENRY 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 3, 2003**