



**Auditor of State
Betty Montgomery**

**PLEASANT TOWNSHIP
CLARK COUNTY**

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**Auditor of State
Betty Montgomery**

Pleasant Township
Clark County
P.O. Box 39
Catawba, Ohio 43010

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 3, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Township
Clark County
P.O. Box 39
Catawba, Ohio 43010

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Clark County, (the Township), as of and for the years ended December 31, 2004 and December 31, 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Pleasant Township, Clark County, as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2005, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

November 3, 2005

**PLEASANT TOWNSHIP
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$16,135	\$283,986	\$300,121
Intergovernmental	44,881	127,283	172,164
Charges for Services		40,009	40,009
Licenses, Permits, and Fees	8,946	13,759	22,705
Rentals and Leases	13,921		13,921
Earnings on Investments	1,175		1,175
Other Revenue	3,145	13,908	17,053
	<u>88,203</u>	<u>478,945</u>	<u>567,148</u>
Total Cash Receipts			
	<u>88,203</u>	<u>478,945</u>	<u>567,148</u>
Cash Disbursements:			
Current:			
General Government	77,808		77,808
Public Safety		134,619	134,619
Public Works		135,696	135,696
Health		73,976	73,976
Conservation - Recreation	8,128		8,128
Other	975		975
Debt Service:			
Redemption of Principal	13,083	50,899	63,982
Interest and Fiscal Charges	791	2,688	3,479
Capital Outlay		17,389	17,389
	<u>100,785</u>	<u>415,267</u>	<u>516,052</u>
Total Cash Disbursements			
	<u>100,785</u>	<u>415,267</u>	<u>516,052</u>
Total Receipts Over/(Under) Disbursements	<u>(12,582)</u>	<u>63,678</u>	<u>51,096</u>
Fund Cash Balances, January 1	<u>17,527</u>	<u>92,553</u>	<u>110,080</u>
Fund Cash Balances, December 31	<u>\$4,945</u>	<u>\$156,231</u>	<u>\$161,176</u>
Reserve for Encumbrances, December 31	<u>\$577</u>	<u>\$0</u>	<u>\$577</u>

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

PLEASANT TOWNSHIP
CLARK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Non-Expendable Trust</u>
Cash Receipts:	
Interest	<u>\$1,225</u>
Cash Disbursements:	
Other	<u>\$1,225</u>
Net Income/ (Loss)	<u>0</u>
Fund Cash Balances, January 1	<u>75,000</u>
Fund Cash Balances, December 31	<u><u>\$75,000</u></u>

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

**PLEASANT TOWNSHIP
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$16,039	\$274,494	\$290,533
Intergovernmental	125,563	112,819	238,382
Charges for Services		44,185	44,185
Licenses, Permits, and Fees	7,462	16,945	24,407
Rental and Leases	15,033		15,033
Earnings on Investments	1,024		1,024
Other Revenue	5,190	12,491	17,681
	<u>170,311</u>	<u>460,934</u>	<u>631,245</u>
Cash Disbursements:			
Current:			
General Government	151,353		151,353
Public Safety		142,937	142,937
Public Works		153,191	153,191
Health		60,441	60,441
Other	1,114		1,114
Debt Service:			
Redemption of Principal	17,624	55,930	73,554
Interest and Fiscal Charges	1,893	6,940	8,833
	<u>171,984</u>	<u>419,439</u>	<u>591,423</u>
Total Receipts Over/(Under) Disbursements	<u>(1,673)</u>	<u>41,495</u>	<u>39,822</u>
Other Financing Receipts and (Disbursements):			
Other Sources	5,000		5,000
	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,327	41,495	44,822
Fund Cash Balances, January 1	14,200	51,058	65,258
Fund Cash Balances, December 31	<u>\$17,527</u>	<u>\$92,553</u>	<u>\$110,080</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

PLEASANT TOWNSHIP
CLARK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Non-Expendable Trust</u>
Cash Receipts:	
Interest	<u>\$1,479</u>
Cash Disbursements:	
Other	<u>\$1,521</u>
Net Income/ (Loss)	<u>(42)</u>
Fund Cash Balances, January 1	<u>75,042</u>
Fund Cash Balances, December 31	<u><u>\$75,000</u></u>

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

**PLEASANT TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pleasant Township, Clark 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, fire protection and emergency medical 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Fire District Fund – This fund receives tax money and donations for providing fire protection.

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

**PLEASANT TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust Fund)

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund – A nonexpendable trust fund. The Township received a \$75,000 donation in 1977. Only interest earned can be used for cemetery maintenance as specified by the donor.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. 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.

**PLEASANT TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$161,176	\$110,080
Investment Trust Account	75,000	75,000
Total deposits and investments	\$236,176	\$185,080

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

Investments: Various stocks were willed to the Township and only interest can be used for the maintenance of the Asbury Chapel Cemetery.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,686	\$88,203	(\$2,483)
Special Revenue	508,728	478,945	(29,783)
Fiduciary	2,886	1,225	(1,661)
Total	\$602,300	\$568,373	(\$33,927)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,275	\$101,362	\$8,913
Special Revenue	600,980	415,267	185,713
Fiduciary	77,085	1,225	75,860
Total	\$788,340	\$517,854	\$270,486

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$157,509	\$175,311	\$17,802
Special Revenue	434,749	460,934	26,185
Fiduciary	6,000	1,479	(4,521)
Total	\$598,258	\$637,724	\$39,466

**PLEASANT TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,114	\$171,984	\$130
Special Revenue	473,669	419,439	54,230
Fiduciary	79,886	1,521	78,365
Total	\$725,669	\$592,944	\$132,725

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Tractor, Loader, Mower	\$15,515	4.25%
Dump Truck	15,000	4.72
Total	\$30,515	

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

Year ending December 31:	Tractor, Loader, Mower	Dump Truck
2005	\$5,626	\$15,708
2006	5,626	
2007	5,626	
Total	\$16,878	\$15,708

**PLEASANT TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Risk Pool Membership

The Government 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 claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

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 in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31.

**PLEASANT TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RISK MANAGEMENT (Continued)

Casualty Coverage	2004	2003
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

Error! Bookmark not defined. Property Coverage	2004	2003
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

8. NONCOMPLIANCE

The Township included the principal amount of the non-expendable trust fund on the Certificate of Estimated Resources as available for expenditure in violation of Ohio Rev. Code Section 5705.36.



**Auditor of State
Betty Montgomery**

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

Pleasant Township
Clark County
P.O. Box 39
Catawba, Ohio 43010

To the Board of Trustees:

We have audited the financial statements of the Pleasant Township, Clark County, (the Township), as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated November 3, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated November 3, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 and 2004-002. In a separate letter to the Township's management dated November 3, 2005, we reported other matters related to noncompliance we deemed immaterial.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Pleasant Township
Clark County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for 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

November 3, 2005

**PLEASANT TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

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

FINDING NUMBER 2004-001

Ohio Rev. Code Section 5705.36 states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. In addition, the principal of a nonexpendable trust fund and any addition to the principal arising from sources other than the reinvestment of investment earnings to the fund that has been established for receiving donations and/or contributions pursuant to Ohio Rev. Code Section 5705.131 must be excluded from the amount of unencumbered balances that are certified.

The Township had a non expendable Cemetery Bequest Fund for which the principal balance was included in the unencumbered fund balances on the certificate of estimated resources. This resulted in the clerk and trustees being compensated at a higher rate than appropriate. Further, the Township appropriated and spent \$1,114 in 2003 and \$975 in 2004 of the principal balance contrary to the trust agreement. These amounts have been corrected on the accompanying financial statements.

The Township should exclude the principal from the unencumbered balances on the certificate of available resources and review the pay scale to determine the proper pay amounts based on the reduced certificate.

FINDING NUMBER 2004-002

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer'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 sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

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

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance 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.

**FINDING NUMBER 2004 – 002
(Continued)**

Blanket certificate – Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority effective September 26, 2003) against any specific line item account over a period not exceeding three months (three month limitation was eliminated effective September 26, 2003) or 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.

Super blanket certificate – In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The Township failed to properly certify 95% of expenditures tested. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Township Clerk should certify that the funds are or will be available prior to the obligation by the Township, as available. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. When prior certification is not possible, "then and now" certification may be used.

**PLEASANT TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	ORC 5705.41(D) – not properly certifying the availability of funds prior to incurring purchase obligations.	No	Repeated as finding 2004-002
2002-002	EMS billing company not having a SAS 70 Report performed and not reconciling between the amounts received and amounts submitted for billing.	No	Partially Corrected; reported in a separate letter to management of the Township.



**Auditor of State
Betty Montgomery**

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

CLARK 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
NOVEMBER 29, 2005**