



Mary Taylor, CPA
Auditor of State

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Township
Fairfield County
1170 Hillbrook Drive
Lancaster, Ohio 43130

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Township, Fairfield County, Ohio (the Township), as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Township, Fairfield County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Road and Bridge, and Fire Operation Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2010, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 6, 2010

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

This discussion and analysis of Pleasant Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Financial Highlights

Key highlights for 2008 are as follows:

General revenues accounted for \$1,415,304 or 76.6 percent of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$431,805 or 23.4 percent of total revenue of \$1,847,109. Total expenses were \$1,287,251.

General receipts are primarily real estate taxes and grants and entitlement. These receipts represent, 54.6 and 17.3 percent, respectively, of the total cash received for governmental activities during the year.

Outstanding debt decreased from \$70,000 at December 31, 2007 to \$30,000 at December 31, 2008 and the 2004 Fire Engine loan was paid off.

Full-time fire department manpower was increased to six when three additional full-time firefighters were employed in the second quarter. A \$316,000, 5 year Federal FEMA grant was received and offsets a portion of the salary cost.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The *Statement of Net Assets* and the *Statement of Activities* provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting Pleasant Township as a Whole

The *Statement of Net Assets* and *Statement of Activities* reflect how the Township did financially during 2008, within the limitations of cash basis accounting. The *Statement of Net Assets* presents the cash balances and investments of the governmental type activities of the Township at year end. The *Statement of Activities* compares cash disbursements with program receipts for each governmental. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue source, property taxes.

The *Statement of Net Assets* and *Statement of Activities* present governmental activities which include all the Township's services. The Township has no business-type activities.

Reporting Pleasant Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental funds.

Governmental Funds - The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Road & Bridge, and Fire Operation Funds. The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide statements.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

Pleasant Township as a Whole

Table 1 provides a summary of the Pleasant Township's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		Change
	2008	2007	2007 to 2008
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,173,284	\$ 1,613,426	\$ 559,858
Total Assets	<u>2,173,284</u>	<u>1,613,426</u>	<u>559,858</u>
Net Assets			
Restricted for:			
Capital Outlay	55,056	25,056	30,000
Other Purposes	1,444,251	1,165,926	278,325
Unrestricted	<u>673,977</u>	<u>422,444</u>	<u>251,533</u>
Total Net Assets	<u>\$ 2,173,284</u>	<u>\$ 1,613,426</u>	<u>\$ 559,858</u>

Net assets of governmental activities increased \$559,858 or 34.7 percent during 2008. Over half of this increase was due to record estate tax receipts that exceeded estimates by over \$230,000. The balance was about evenly split between the Road & Bridge and Fire Funds, where expenses were less than anticipated.

Table 2 shows the changes in net assets in 2008 compared to changes in net assets in 2007.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

(Table 2)

Changes in Net Assets

	Governmental Activities 2008	Governmental Activities 2007	Change 2007 to 2008
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 40,644	\$ 47,268	\$ (6,624)
Operating Grants, Contributions & Interest	381,161	138,201	242,960
Capital Grants and Contributions	10,000	-	10,000
Total Program Receipts	431,805	185,469	246,336
General Receipts:			
Property and Other Local Taxes	1,009,032	1,055,867	(46,835)
Grants and Entitlements Not Restricted to Specific Programs	318,940	465,221	(146,281)
Sale of Fixed Assets	-	8,500	(8,500)
Cable Franchise Fees	43,998	22,264	21,734
Interest	40,984	66,467	(25,483)
Miscellaneous	2,350	13,287	(10,937)
Total General Receipts	1,415,304	1,631,606	(216,302)
Total Receipts	1,847,109	1,817,075	30,034
Disbursements:			
General Government	154,956	141,035	13,921
Public Safety	695,966	548,773	147,193
Public Health Services	28,407	28,028	379
Public Works	341,481	389,880	(48,399)
Capital Outlay	24,339	223,974	(199,635)
Principal Retirement	40,000	50,000	(10,000)
Interest and Fiscal Charges	2,102	3,824	(1,722)
Total Disbursements	1,287,251	1,385,514	(98,263)
Increase in Net Assets	559,858	431,561	128,297
Net Assets, January 1, 2008	1,613,426	1,181,865	431,561
Net Assets, December 31, 2008	\$ 2,173,284	\$ 1,613,426	\$ 559,858

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

Program receipts represent only 23.4 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license fees, gas tax money, and zoning permits.

General receipts represent 76.6 percent of the Township's total receipts, and of this amount, over 71.3 percent are property and other local taxes. State and federal grants and entitlements amount to 22.5 percent of the Township's general receipts. Cable franchise, interest, and other receipts are insignificant or unpredictable revenue sources and comprise the balance of general receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, the Fiscal Officer and Zoning Inspector, as well as all non-fire department fringe benefits and insurance.

Public Safety is the cost of fire protection; Public Health Services is the Township assessment for the cost of the County Health Department; and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the *Statement of Activities*, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works (Road Maintenance) and Public Safety (Fire Department), which account for 26.5 and 54.1 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 12.0 percent. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2008	Net Cost of Services 2008	Total Cost Of Services 2007	Net Cost of Services 2007
General Government	\$ 154,956	\$ 140,531	\$ 141,035	\$ 126,830
Public Safety	695,966	486,218	548,773	525,513
Public Health Services	28,407	28,407	28,028	28,028
Public Works	341,481	133,849	389,880	241,876
Capital Outlay	24,339	24,339	223,974	223,974
Principal Retirement	40,000	40,000	50,000	50,000
Interest and Fiscal Charges	2,102	2,102	3,824	3,824
Total Expenses	\$ 1,287,251	\$ 855,446	\$ 1,385,514	\$ 1,200,045

The dependence upon property and other local tax, and grant and entitlement receipts is apparent as 70 percent of governmental activities are supported through these general receipts.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

The Township's Funds

Total governmental funds had receipts of \$1,847,109 and disbursements of \$1,287,251. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$266,181 as the result of substantial estate tax collections.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The difference between final budgeted receipts and actual receipts was due to substantially increased revenue from collection of estate taxes. Final disbursements were budgeted at \$329,567 while actual disbursements were \$193,879.

Capital Assets and Debt Administration

The Township does not currently report its capital assets and infrastructure.

At December 31, 2008, the Township's outstanding debt included \$30,000 in general obligation loans issued for improvements to buildings and structures. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

(Table 4)			
Outstanding Debt at December 31			
	Governmental	Governmental	
	Activities	Activities	Change
	2008	2007	2007 to 2008
Fire Engine Installment Loan - 2004	\$ -	\$ 20,000	\$ (20,000)
Community Room Construction Notes - 2005	30,000	50,000	(20,000)
Total	\$ 30,000	\$ 70,000	\$ (40,000)

Current Issues

Continued rapid escalation in medical insurance premiums presents a continuing challenge to maintaining an affordable benefits package. Changes to the Local Government and Gasoline Tax funds, previously enacted by the Legislature, are creating more volatility in the revenue stream. Reductions in Personal Property and Estate Taxes, combined with phase-out of State subsidies designed to make up for the losses, present significant fiscal problems as funds from these sources gradually disappear.

On January 17, 2008, Trustees voted to cancel the Snoko Hill Road Issue 2 project and terminated litigation over right-of-way issues.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

***MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)***

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to James M. Snyder, Fiscal Officer, Pleasant Township, 1170 Hillbrook Drive, Lancaster, Ohio 43130.

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PLEASANT TOWNSHIP
FAIRFIELD COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,173,284
<i>Total Assets</i>	<u>2,173,284</u>
Net Assets	
Restricted for:	
Capital Projects	55,056
Other Purposes	1,444,251
Unrestricted	<u>673,977</u>
<i>Total Net Assets</i>	<u>\$ 2,173,284</u>

See accompanying notes to the basic financial statements

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions & Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 154,956	\$ 14,425	\$ -	\$ -	\$ (140,531)
Public Safety	695,966	5,000	194,748	10,000	(486,218)
Public Works	341,481	21,219	186,413	-	(133,849)
Health	28,407	-	-	-	(28,407)
Capital Outlay	24,339	-	-	-	(24,339)
Debt Service:					
Principal Retirement	40,000	-	-	-	(40,000)
Interest and Fiscal Charges	2,102	-	-	-	(2,102)
Total	\$ 1,287,251	\$ 40,644	\$ 381,161	10,000	(855,446)
		General Receipts			
		Property Taxes Levied for:			
					50,345
					691,571
					266,556
					560
					318,940
					43,998
					40,984
					2,350
					<u>1,415,304</u>
					559,858
					<u>1,613,426</u>
					<u>\$ 2,173,284</u>

See accompanying notes to the basic financial statements

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General	Road and Bridge Fund	Fire Operations Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 673,977	\$ 493,895	\$ 734,164	\$ 271,248	\$ 2,173,284
<i>Total Assets</i>	<u>673,977</u>	<u>493,895</u>	<u>734,164</u>	<u>271,248</u>	<u>2,173,284</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	128	415	1,092	199	1,834
Unreserved:					
Undesignated, Reported in:					
General Fund	673,849	-	-	-	673,849
Special Revenue Funds	-	493,480	733,072	215,993	1,442,545
Capital Projects Funds	-	-	-	55,056	55,056
<i>Total Fund Balances</i>	<u>\$ 673,977</u>	<u>\$ 493,895</u>	<u>\$ 734,164</u>	<u>\$ 271,248</u>	<u>\$ 2,173,284</u>

See accompanying notes to the basic financial statements

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Road and Bridge Fund	Fire Operations Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 50,905	\$ 266,556	\$ 691,571	\$ 21,220	\$ 1,030,252
Charges for Services	-	-	5,000	-	5,000
Licenses, Permits and Fees	43,998	-	-	11,580	55,578
Intergovernmental	318,940	56,111	142,073	179,269	696,393
Interest	40,984	-	-	3,707	44,691
Other	5,105	-	10,090	-	15,195
<i>Total Receipts</i>	<u>459,932</u>	<u>322,667</u>	<u>848,734</u>	<u>215,776</u>	<u>1,847,109</u>
Disbursements					
Current:					
General Government	138,974	-	-	15,982	154,956
Public Safety	-	-	695,966	-	695,966
Public Works	-	202,478	-	139,003	341,481
Health	28,407	-	-	-	28,407
Capital Outlay	4,632	-	19,707	-	24,339
Debt Service:					
Principal Retirement	20,000	-	20,000	-	40,000
Interest and Fiscal Charges	1,738	-	364	-	2,102
<i>Total Disbursements</i>	<u>193,751</u>	<u>202,478</u>	<u>736,037</u>	<u>154,985</u>	<u>1,287,251</u>
<i>Excess of Receipts Over Disbursements</i>	<u>266,181</u>	<u>120,189</u>	<u>112,697</u>	<u>60,791</u>	<u>559,858</u>
Other Financing Sources (Uses)					
Transfers In	-	-	26,324	30,000	56,324
Transfers Out	-	-	(30,000)	(26,324)	(56,324)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(3,676)</u>	<u>3,676</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	266,181	120,189	109,021	64,467	559,858
<i>Fund Balances Beginning of Year</i>	<u>407,796</u>	<u>373,706</u>	<u>625,143</u>	<u>206,781</u>	<u>1,613,426</u>
<i>Fund Balances End of Year</i>	<u>\$ 673,977</u>	<u>\$ 493,895</u>	<u>\$ 734,164</u>	<u>\$ 271,248</u>	<u>\$ 2,173,284</u>

See accompanying notes to the basic financial statements

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 50,300	\$ 50,300	\$ 50,905	\$ 605
Licenses, Permits and Fees	20,000	20,000	43,998	23,998
Intergovernmental	81,339	81,339	318,940	237,601
Interest	45,000	45,000	40,984	(4,016)
Other	500	500	5,105	4,605
<i>Total receipts</i>	<u>197,139</u>	<u>197,139</u>	<u>459,932</u>	<u>262,793</u>
Disbursements				
Current:				
General Government	164,106	169,726	139,102	30,624
Public Works	1,000	1,000	-	1,000
Health	30,407	30,407	28,407	2,000
Capital Outlay	105,000	106,634	4,632	102,002
Debt Service:				
Principal Retirement	20,000	20,000	20,000	-
Interest and Fiscal Charges	1,800	1,800	1,738	62
<i>Total Disbursements</i>	<u>322,313</u>	<u>329,567</u>	<u>193,879</u>	<u>135,688</u>
<i>Net Change in Fund Balance</i>	(125,174)	(132,428)	266,053	398,481
<i>Fund Balance Beginning of Year</i>	<u>407,796</u>	<u>407,796</u>	<u>407,796</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 282,622</u>	<u>\$ 275,368</u>	<u>\$ 673,849</u>	<u>\$ 398,481</u>

See accompanying notes to the basic financial statements

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 258,600	\$ 258,600	\$ 266,556	\$ 7,956
Intergovernmental	59,800	65,173	56,111	(9,062)
<i>Total receipts</i>	<u>318,400</u>	<u>323,773</u>	<u>322,667</u>	<u>(1,106)</u>
Disbursements				
Current:				
Public Works	217,140	249,740	202,893	46,847
Capital Outlay	60,000	27,400	-	27,400
<i>Total Disbursements</i>	<u>277,140</u>	<u>277,140</u>	<u>202,893</u>	<u>74,247</u>
<i>Net Change in Fund Balance</i>	41,260	46,633	119,774	73,141
<i>Fund Balance Beginning of Year</i>	373,066	373,066	373,066	-
Prior Year Encumbrances Appropriated	640	640	640	-
<i>Fund Balance End of Year</i>	<u>\$ 414,966</u>	<u>\$ 420,339</u>	<u>\$ 493,480</u>	<u>\$ 73,141</u>

See accompanying notes to the basic financial statements

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE OPERATIONS FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 693,500	\$ 693,500	\$ 691,571	\$ (1,929)
Charges for Services	2,000	2,000	5,000	3,000
Intergovernmental	144,600	144,600	142,073	(2,527)
Other	10,000	10,000	10,090	90
<i>Total receipts</i>	<u>850,100</u>	<u>850,100</u>	<u>848,734</u>	<u>(1,366)</u>
Disbursements				
Current:				
Public Safety	770,006	787,256	697,058	90,198
Capital Outlay	20,000	33,500	19,707	13,793
Debt Service:				
Principal Retirement	20,000	20,000	20,000	-
Interest and Fiscal Charges	400	400	364	36
<i>Total Disbursements</i>	<u>810,406</u>	<u>841,156</u>	<u>737,129</u>	<u>104,027</u>
<i>Excess of Receipts Over Disbursements</i>	<u>39,694</u>	<u>8,944</u>	<u>111,605</u>	<u>102,661</u>
Other Financing Sources/(Uses)				
Transfers In	-	57,000	26,324	(30,676)
Transfers Out	(30,000)	(30,000)	(30,000)	-
<i>Total Other Financing Sources/(Uses)</i>	<u>(30,000)</u>	<u>27,000</u>	<u>(3,676)</u>	<u>(30,676)</u>
<i>Net Change in Fund Balance</i>	9,694	35,944	107,929	71,985
<i>Fund Balance Beginning of Year</i>	624,269	624,269	624,269	-
Prior Year Encumbrances Appropriated	874	874	874	-
<i>Fund Balance End of Year</i>	<u>\$ 634,837</u>	<u>\$ 661,087</u>	<u>\$ 733,072</u>	<u>\$ 71,985</u>

See accompanying notes to the basic financial statements

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**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 1 – Reporting Entity

Pleasant Township, Fairfield County, Ohio (the Township), is a body politic and corporate established in 1804 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 also has an elected Township Fiscal Officer.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, fire/EMS services, and maintenance of Township roads, bridges and cemeteries. Police protection is provided by the Fairfield County Sheriff.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units to report.

C. Jointly Governed Organizations and Public Entity Risk Pools

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest. The Township participates in the Fairfield County Regional Planning Commission, a forty-eight member board. Note 12 to the financial statements provides additional information for this entity.

The Township participates in one public entity risk pool. This organization is the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property, casualty and liability coverage. 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.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a *Statement of Net Assets* and a *Statement of Activities*, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The *Statement of Net Assets* and the *Statement of Activities* display information about the Township as a whole. These statements include the financial activities of the primary government. The statements consist solely of those activities of the Township that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The *Statement of Net Assets* presents the cash balance of the governmental activities of the Township at year end. The *Statement of Activities* compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The Township has only governmental funds.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General, Road & Bridge and Fire Operation Funds.

General Fund: The General Fund is used to account for all financial resources, except those required to be accounted for 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.

Road & Bridge Fund: The Road and Bridge Fund receives real estate tax and personal property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Operations Fund: The Fire Operations Fund receives real estate tax and personal property tax money for providing fire protection and emergency services to the Township. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function, and object level for all funds.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

The certificate of estimated resources may be amended during the year if significant projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Each Fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008, the Township's investments were limited to Certificates of Deposit and STAR Ohio, both of which are reported as cash equivalents.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Interest earnings are allocated to Township funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2008 were \$40,984, which includes \$28,274 assigned from other funds.

F. Restricted Assets

Cash, cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township had no restricted assets in 2008.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for highways (Motor Vehicle License, Gasoline Tax, Permissive License Tax and Road & Bridge Funds) and Public Safety.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The *Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis* presented for the General, Road & Bridge and Fire Operating Funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances and are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). For major funds, the encumbrances outstanding at year end (budgetary basis) amounted to \$128 for the General Fund, \$415 for the Road & Bridge Fund, and \$1,092 for the Fire Operation Fund.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 4 – Deposits and Investments (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had no undeposited cash on hand.

A. Deposits

At year-end, the Township's bank balance was \$1,767,278. Of the bank balance:

1. \$250,000 was covered by Federal Deposit Insurance.
2. \$1,517,278 was uninsured and uncollateralized. Although collateral for the securities was held by the pledging financial institution trust department in the Township's name and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements would potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

The Township has chosen to not adopt a written investment policy and, therefore, limits investments to certificates of deposit, savings account, no-load money market mutual funds and STAR Ohio as permitted by ORC 135.14.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Township had \$413,630 on deposit with STAR Ohio at year end.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$9.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential	\$118,245,630
Agriculture	11,735,710
Commercial/Industrial/Mineral	4,097,580
Public Utility Property	
Real	13,520
Personal	6,185,310
Total Assessed Value	<u>\$140,907,750</u>

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims. The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the Township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$13,160.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 6 – Risk Management (Continued)

Contributions to OTARMA

2007	\$14,301
2008	\$15,302

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Pension Plans

A. Ohio Public Employees Retirement System

Plan Description: The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans:

The Traditional Pension Plan - A cost-sharing, multiple-employer defined benefit pension plan.

The Member-Directed Plan - A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The Combined Plan - A cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the Member Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy: The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll and public safety members contributed 10.1 percent.

The Township's contribution rate for 2008 was 14.0 percent, except for those plan members in public safety, for whom the Township's contribution rate was 17.4 percent of covered payroll. For 2008, a portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety, where the maximum employer contribution rate is 18.1 percent. The Township has no public safety employees covered by OPERS.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 7 – Pension Plans (Continued)

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$18,582, \$17,227, and \$16,454, respectively. The full amount has been contributed for 2008, 2007 and 2006.

B. Ohio Police & Fire Pension Fund

Plan Description: The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan for full-time firefighters. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy: Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations, while the Township is required to contribute 24.0 percent for firefighters. Contributions are established by State statute. For 2008, a portion of the Township's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions to OP&F for the years ending December 31, 2008, 2007, and 2006 were \$43,405, \$14,654, and \$5,156, respectively. The full amount has been contributed for 2008, 2007 and 2006.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose social security or the appropriate state system. As of December 31, 2007, all of the Township's part-time firefighters were covered by Social Security and pay FICA taxes.

FICA contribution rates are approved by the United States Congress. Members of FICA contributed 6.2% of their wages to FICA. The Township also contributed an amount equal to 6.2% of their wages. The Township has paid all contributions required through December 31, 2008.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description: Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 8 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for health care plan are presented separately in OPERS financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy: The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety employers contributed at 17.4 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety employer units. Active members do not make contributions to the OPEB Plan.

The Traditional Pension Plan and Combined Plans had 363,503 active contributing participants as of December 31, 2008.

The rates stated above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portion of your employer contributions that were used to fund post-employment benefits can be approximated by multiplying actual employer contributions for January 1 through December 31, 2008 by 0.5000 for state and local employers and 0.4023 for public safety employers.

The amount of \$10.7 billion represents the actuarial funding value of OPERS net assets available for OPEB at December 31, 2008.

Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007 (the latest information available), reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.8 billion and \$17.0 billion, respectively.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$9,281, \$6,841, and \$6,534, respectively. The full amount has been contributed for 2008, 2007 and 2006.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 8 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police & Fire Pension Fund

Plan Description: The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy: The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.0 percent of covered payroll for fire employers. The Ohio Revised Code states that the employer contribution may not exceed 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 8 - Postemployment Benefits (Continued)

B. Ohio Police & Fire Pension Fund (Continued)

The Township's contributions to OP&F for the years ending December 31, 2008, 2007, and 2006 were \$43,405, \$14,654, and \$5,156, respectively, of which \$12,196, \$4,118, and \$1,449 respectively, was allocated to the healthcare plan. The full amount has been contributed for 2008, 2007 and 2006.

Note 9- Notes Payable

The original issue date, maturity date, interest rate and original issuance amount for the Township's debt follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
Fire Engine Installment Loan – 2004	3.10%	\$150,000	December 1, 2008
Community Room Construction Notes – 2005	3.90%	\$100,000	June 1, 2010

The Township's debt activity for the year ended December 31, 2008, is as follows:

	<u>Outstanding 12/31/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2008</u>	<u>Due In One Year</u>
Fire Engine Installment Loan	\$20,000	\$0	\$20,000	\$0	\$0
Community Room Construction Notes	50,000	0	20,000	30,000	20,000
Total	<u>\$70,000</u>	<u>\$0</u>	<u>\$40,000</u>	<u>\$30,000</u>	<u>\$20,000</u>

The Fire Engine and Community Room notes are general obligation debt, are supported by the full faith and credit of the Township, and are payable from unvoted property tax receipts to the extent that Fire Operation Fund resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$20,000	\$975	\$20,975
2010	10,000	195	10,195
Total	<u>\$30,000</u>	<u>\$1,170</u>	<u>\$31,170</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township, less the same exempt debt, shall never exceed an amount equal to .10 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$12,651,698 and an unvoted debt margin of \$140,908.

**PLEASANT TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 10 – Interfund Transfers

During 2008 the following transfers were made:

Transfer from the FEMA Grant Fund to Fire Operation Fund	\$26,324
Transfer from the Fire Operation Fund to Fire Apparatus Fund	\$30,000

The transfer from the FEMA Grant Fund was reimbursement for salary/benefit costs of hiring full-time firefighters. The transfer from the Fire Operation Fund was to a Capital Equipment Fund to accumulate funds for fire apparatus replacement.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Jointly Governed Organizations

The Township appoints a person to represent the Township on the 48 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the Township. In 2008, the Township's membership amount was \$1,008. There is no ongoing financial interest or responsibility by the Township.

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Mary Taylor, CPA

Auditor of State

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

Pleasant Township
Fairfield County
1170 Hillbrook Drive
Lancaster, Ohio 43130

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Township, Fairfield County, Ohio (the Township) as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 6, 2010, wherein we noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 6, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 6, 2010

PLEASANT TOWNSHIP
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC Section 505.24(C) - Allocating Trustee Compensation.	Yes	



Mary Taylor, CPA
Auditor of State

PLEASANT TOWNSHIP

FAIRFIELD 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
MAY 27, 2010**