



**Mary Taylor, CPA**  
Auditor of State



PLEASANT TOWNSHIP  
FRANKLIN COUNTY

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Mary Taylor, CPA  
Auditor of State

Pleasant Township  
Franklin County  
5373 Norton Road  
Grove City, OH 43123

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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 adverse 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

July 30, 2010

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Township  
Franklin County  
5373 Norton Road  
Grove City, OH 43123

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Township, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2009 and 2008 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, 2009 and 2008, or its changes in financial position for the years 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, Franklin County, Ohio as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 July 30, 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.

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

**Mary Taylor, CPA**  
Auditor of State

July 30, 2010

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$58,106	\$1,481,808	\$0	\$0	\$1,539,914
License, Permits and Fees	0	4,359	0	0	4,359
Intergovernmental	587,728	352,589	0	0	940,317
Special Assessments	0	20,587	0	0	20,587
Earnings on Investments	298	62	8	0	368
Miscellaneous	29,296	16,008	0	0	45,304
	<u>675,428</u>	<u>1,875,413</u>	<u>8</u>	<u>0</u>	<u>2,550,849</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	422,647	0	0	0	422,647
Public Safety	0	1,439,034	0	0	1,439,034
Public Works	0	224,770	0	0	224,770
Health	31,417	15,611	0	0	47,028
Supplies and Materials	0	60,047	0	0	60,047
Capital Outlay	143,153	172,137	0	0	315,290
Contract Services	0	34,747	0	0	34,747
Other	0	24,272	0	0	24,272
Debt Service					
Redemption of Principal	0	33,102	0	0	33,102
Interest and Other Fiscal Charges	0	14,698	0	0	14,698
	<u>597,217</u>	<u>2,018,418</u>	<u>0</u>	<u>0</u>	<u>2,615,635</u>
Total Receipts Over/(Under) Disbursements	<u>78,211</u>	<u>(143,005)</u>	<u>8</u>	<u>0</u>	<u>(64,786)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	0	10,000	0	0	10,000
Transfers-Out	(10,000)	0	0	0	(10,000)
Other Financing Sources	3,035	650	0	0	3,685
	<u>(6,965)</u>	<u>10,650</u>	<u>0</u>	<u>0</u>	<u>3,685</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	71,246	(132,355)	8	0	(61,101)
Fund Cash Balances, January 1	475,746	619,381	18,924	2,330	1,116,381
<b>Fund Cash Balances, December 31</b>	<b><u>\$546,992</u></b>	<b><u>\$487,026</u></b>	<b><u>\$18,932</u></b>	<b><u>\$2,330</u></b>	<b><u>\$1,055,280</u></b>
Reserve for Encumbrances, December 31	<u>\$105,406</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$105,406</u>

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

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$58,904	\$1,536,170	\$0	\$0	\$1,595,074
License, Permits and Fees	30,872	2,841	0	0	33,713
Intergovernmental	278,524	377,690	0	0	656,214
Special Assessments	0	21,547	0	0	21,547
Earnings on Investments	24,988	5,155	434	0	30,577
Miscellaneous	733	13,416	0	0	14,149
<b>Total Cash Receipts</b>	<b>394,021</b>	<b>1,956,819</b>	<b>434</b>	<b>0</b>	<b>2,351,274</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	176,415	0	0	0	176,415
Public Safety	0	1,397,440	0	0	1,397,440
Public Works	0	235,291	0	0	235,291
Health	29,184	12,128	0	0	41,312
Supplies and Materials	0	56,607	0	0	56,607
Capital Outlay	54,510	256,172	0	0	310,682
Contract Services	0	33,942	0	0	33,942
Other	0	34,276	0	0	34,276
Debt Service					
Redemption of Principal	0	44,743	0	0	44,743
Interest and Other Fiscal Charges	0	16,347	0	0	16,347
<b>Total Cash Disbursements</b>	<b>260,109</b>	<b>2,086,946</b>	<b>0</b>	<b>0</b>	<b>2,347,055</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>133,912</b>	<b>(130,127)</b>	<b>434</b>	<b>0</b>	<b>4,219</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	0	10,000	0	0	10,000
Transfers-Out	(10,000)	0	0	0	(10,000)
Other Financing Sources	186	0	0	0	186
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(9,814)</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>186</b>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	124,098	(120,127)	434	0	4,405
Fund Cash Balances, January 1	351,648	739,508	18,490	2,330	1,111,976
<b>Fund Cash Balances, December 31</b>	<b>\$475,746</b>	<b>\$619,381</b>	<b>\$18,924</b>	<b>\$2,330</b>	<b>\$1,116,381</b>

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

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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, Franklin 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. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Deposits and Investments**

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

The Township values certificates of deposit at cost.

**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 private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Fire District Fund – This fund receives property tax money and other intergovernmental revenue for maintaining and operating the Township fire department.

**3. Capital Project Funds**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through the Permanent Fund). The Township had the following significant capital project fund:

Capital Equipment Fund – The Township receives interest revenue for the purchase of capital equipment for the Township.

**4. Permanent Funds**

This fund account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following permanent fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**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. Unencumbered appropriations lapse at year end. Contrary to Ohio Rev. Code 5705.36(A)(4) the Township had appropriations exceeding actual resources for 2009 and 2008.

**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.

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**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.

A summary of 2009 and 2008 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.

**2. Equity in Pooled Cash**

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

	2009	2008
Demand deposits	\$1,055,280	\$1,116,381
Total deposits	1,055,280	1,116,381

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

**3. Budgetary Activity**

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$700,975	\$678,463	(\$22,512)
Special Revenue	2,313,568	1,886,063	(427,505)
Capital Projects	600	8	(592)
Permanent	1	0	1
Total	\$3,015,143	\$2,564,534	(\$450,608)

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity (Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,176,720	\$712,623	\$464,097
Special Revenue	2,928,727	2,018,418	910,309
Capital Projects	19,524	0	19,524
Permanent	5,203	0	5,203
Total	\$4,130,174	\$2,731,041	\$1,399,133

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$404,406	\$394,207	(\$10,199)
Special Revenue	2,076,422	1,966,819	(109,603)
Capital Projects	600	434	(166)
Permanent	2	0	(2)
Total	\$2,481,430	\$2,361,460	(\$119,970)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$780,377	\$270,109	\$510,268
Special Revenue	2,791,606	2,086,946	704,660
Capital Projects	19,089	0	19,089
Permanent	2,331	0	2,331
Total	\$3,593,403	\$2,357,055	\$1,236,348

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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. Tangible personal property tax is being phased out – the assessment percentage for all property including inventory will be reduced to zero for 2009.

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

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. Capital Leases**

Capital lease outstanding at December 31, 2009 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
OshKosh Capital	266,493	4.6%

In 2006, the Township entered into a capital lease for the purchase of a new fire truck for the Fire Department. The total amount of the loan was \$374,535. The lease is being repaid in annual installments of \$47,800 over ten years at an interest rate of 4.6%. The lease will be paid from the Fire Fund.

Amortization of the above capital lease, including interest are scheduled as follows:

<b>Year Ending December 31</b>	<b>Oshkosh Capital Lease</b>
2010	\$47,800
2011	47,800
2012	47,800
2013	47,800
2014	47,800
2015-2016	95,600
<b>Total</b>	<b>\$334,600</b>

**6. Retirement Systems**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2009 and 2008, OPERS members contributed 10% of participants' gross salaries. For 2009 and 2008, the Township contributed to OPERS an amount equal to 14%. The Township has paid all contribution required through December 31, 2009.

**7. 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.

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management (Continued)**

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 (the latest information available), 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 respective government.

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 (the latest information available):

<u>Combined Coverage</u>	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	(12,981,818)	(13,357,837)
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 \$1,187,796 for 2008 and \$1,832,455 for 2009.

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  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management (Continued)**

<b><u>Contributions to OTARMA</u></b>	
2007	\$20,831
2008	\$13,798
2009	\$16,640

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.

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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  
Franklin County  
5373 Norton Road  
Grove City, OH 43123

To the Board of Trustees:

We have audited the financial statements of Pleasant Township, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 30, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-003 described in the accompanying schedule of findings to be a material weakness.

### **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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 30, 2010.

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

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

**Mary Taylor, CPA**  
Auditor of State

July 30, 2010

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER 2009-001</b>
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**Cafeteria Plan – Noncompliance Finding / Finding For Recovery Repaid Under Audit**

Ohio Rev. Code Section 505.603 states a board of township trustees may offer benefits to officers and employees through a cafeteria plan that meets the requirements of section 125 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 125, as amended, after first adopting a policy authorizing an officer or employee to receive a cash payment in lieu of a benefit otherwise offered to township officers or employees under any of those sections, but only if the cash payment does not exceed twenty-five per cent of the cost of premiums or payments that otherwise would be paid by the board for benefits for the officer or employee under an offered policy, contract, or plan. No cash payment in lieu of a benefit shall be made pursuant to this section unless the officer or employee signs a statement affirming that the officer or employee is covered under another health insurance or health care policy, contract, or plan in the case of a health benefit, or a life insurance policy in the case of a life insurance benefit, and setting forth the name of the employer, if any, that sponsors the coverage, the name of the carrier that provides the coverage, and an identifying number of the applicable policy, contract, or plan. Additionally, Section 125 of the Internal Revenue Service Code further indicates that payments made to officers and employees participating in a cafeteria plan in excess of an employee's expenditures should be reflected on the officers or employees W-2 form as an additional taxable benefit.

The Township passed a resolution authorizing a cafeteria plan be put in place, however no formal plan or policy was adopted by the Board and the Township did not obtain approval from the Internal Revenue Service. In addition, the Township did not take steps to obtain documentation to fully ensure payments made to employees did not exceed the employee's actual expenditures until the end of 2008, for W-2 reporting purposes. Finally, Township Trustee Dale Worthington was paid in excess of the twenty-five percent of the cost of the premium that otherwise would have been paid for him by the Board by \$1,033 for fiscal year 2008.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dale Worthington, Township Trustee for \$1,033 in favor of the Pleasant Township General Fund. The Finding was repaid under audit by Dale Worthington by check on August 4, 2010 credited to the Pleasant Township General Fund.

In order to strengthen the control process over the Township's cafeteria plan expenditures, we recommend the following:

- A written policy be developed and adopted by the Board over the cafeteria plan outlining plan eligibility requirements, enrollment application process, documentation required for approval, and the determination process for amounts and rates to be paid to participants which should be approved by the Township's legal counsel and submitted to the IRS for approval;
- A signed affidavit should be present for all participating in the cafeteria plan which should include:
  - Affirmation they are covered under another policy
  - The name of the employer (if any) who sponsored the coverage
  - The name of the carrier that provides the coverage
  - The policy or plan number for the coverage

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2009-001 (Continued)**

**Cafeteria Plan – Noncompliance Finding / Finding For Recovery Repaid Under Audit (Continued)**

- Documentation be obtained on actual out of pocket costs for participants to ensure that payments are not in excess of the employee’s actual expenditures paid which would be required to be reported on their W-2 as an additional taxable benefit. If not corrected, we will refer to the IRS.
- The Township obtain approval from the Internal Revenue Service for the Cafeteria Plan

**FINDING NUMBER 2009-002**

**Actual Revenue Deficiency – Noncompliance Finding**

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The Township had a deficiency of actual resources compared to appropriations in the following funds at December 31, which should have resulted in a decrease to the appropriation level:

Fiscal Year 2009

Fund #	Fund Name	Appropriations	Actual Resources	Variance
01	General Fund	\$1,176,720	\$1,154,204	(\$22,517)
04	Road & Bridge	\$222,726	\$197,702	(\$25,024)
10	Fire Department Fund	\$2,420,495	\$1,992,023	(\$428,472)
7	Special Assessments	\$38,251	\$37,838	(\$413)
30	Capital Improvements	\$19,524	\$18,932	(\$592)

Fiscal Year 2008

Fund #	Fund Name	Appropriations	Actual Resources	Variance
01	General Fund	\$780,377	\$745,855	(\$34,522)
02	MVLT Fund	\$20,794	\$20,350	(\$444)
7	Special Assessments	\$39,111	\$37,658	(\$1,453)

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

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

**FINDING NUMBER 2009-002 (Continued)**

**Actual Revenue Deficiency – Noncompliance Finding (Continued)**

Failure to appropriately amend estimated resources and appropriations as a result of known revenue deficiencies could result in deficit spending in these funds.

We recommend the Township implement procedures to monitor estimated and actual revenues. The Township should request an amended certificate of estimated resources and reduce appropriations, if necessary, when it becomes evident that actual revenue will be below projections for the year.

**FINDING NUMBER 2009-003**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the Township's Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following posting errors were noted during the review of the December 31, 2008 and 2009 year-end financial accounting system reports and were posted to the financial statements:

- Reclassification of Other Revenues to License, Permits and Fees in the General Fund for \$30,872 in 2008.
- Reclassification of Other Revenues to Intergovernmental Revenue in the Special Revenue Fund for \$28,500 in 2008.
- Adjustment of Special Assessment Revenue in Special Assessment Fund classification to the Special Revenue Fund classification for \$21,547 and \$20,587 in 2008 and 2009.
- Reclassification of debt expenditures from capital outlay to principal and interest in the amounts of \$44,743 and \$16,347 in 2008 and \$33,102 and \$14,698 in 2009.

The following posting errors were noted during the review of the December 31, 2008 and 2009 year-end financial accounting system reports and were immaterial to the financial statements but noted as unadjusted differences:

- Reclassification of Other Revenues to License, Permits and Fees in the General Fund for \$28,959 in 2009.
- Reclassification of Property Tax Revenue to Intergovernmental in 2008 and 2009 for the General Fund of \$813 and \$1,369 and Special Revenue Fund of \$35,269 and \$52,935, respectively.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER 2009-003 (Continued)</b>
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**Financial Reporting – Material Weakness (Continued)**

We recommend the Township continue to develop and enhance policies and procedures to further enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increases the reliability of the financial data throughout the year.

We did not receive a response from Officials to the findings reported above.

**PLEASANT TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Cafeteria Plan, FFR	No	Not Corrected; re-issued as Finding 2009-001
2007-002	Financial Reporting	No	Not Corrected; re-issued as Finding 2009-003
2007-003	Credit Card – vendor line of credit purchases	Yes	
2007-004	Minute record availability	Yes	
2007-005	Lack of required bidding for contracts	Yes	
2007-006	ORC 5705.10 – Tax Revenues	Yes	





**Mary Taylor, CPA**  
Auditor of State

**PLEASANT TOWNSHIP**

**FRANKLIN 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  
SEPTEMBER 7, 2010**