

**PLEASANT TOWNSHIP
PERRY COUNTY**

AUDIT REPORT

JANUARY 1, 2017 - DECEMBER 31, 2018

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Township Trustee
Pleasant Township
PO Box 472
Moxahala, Ohio 43761

We have reviewed the *Independent Auditor's Report* of Pleasant Township, Perry County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Pleasant Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 13, 2019

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**PLEASANT TOWNSHIP
PERRY COUNTY
JANUARY 1, 2017 - DECEMBER 31, 2018**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2018	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Fiduciary Fund Type For the Year Ended December 31, 2018	4
2018 Notes to the Financial Statements	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2017	11
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Fiduciary Fund Type For the Year Ended December 31, 2017	12
2017 Notes to the Financial Statements	13
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	20
Schedule of Findings	22
Schedule of Prior Audit Findings	29

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Pleasant Township
Perry County
P.O. Box 472
Moxahala, Ohio 43761

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Pleasant Township, Perry County, as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Pleasant Township, Perry County as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and related notes of Pleasant Township, Perry County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2019, on our consideration of Pleasant 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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 26, 2019

**PLEASANT TOWNSHIP
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 20,660	\$ 48,110	\$ -	\$ 68,770
Licenses, Permits, and Fees	-	930	-	930
Intergovernmental	16,952	102,654	-	119,606
Earnings on Investments	168	23	-	191
Miscellaneous	1,769	380	2,500	4,649
Total Cash Receipts	<u>39,549</u>	<u>152,097</u>	<u>2,500</u>	<u>194,146</u>
Cash Disbursements:				
Current:				
General Government	38,323	-	-	38,323
Public Safety	-	40,600	-	40,600
Public Works	-	97,999	-	97,999
Health	-	13,896	-	13,896
Capital Outlay	23,500	19,100	-	42,600
Total Cash Disbursements	<u>61,823</u>	<u>171,595</u>	<u>-</u>	<u>233,418</u>
Net Change in Fund Cash Balances	(22,274)	(19,498)	2,500	(39,272)
Fund Cash Balances, January 1	<u>25,501</u>	<u>117,352</u>	<u>20,082</u>	<u>162,935</u>
Fund Cash Balances, December 31				
Restricted	-	104,243	22,582	126,825
Assigned	920	9,982	-	10,902
Unassigned (Deficit)	2,307	(16,371)	-	(14,064)
Fund Cash Balances, December 31	<u>\$ 3,227</u>	<u>\$ 97,854</u>	<u>\$ 22,582</u>	<u>\$ 123,663</u>

See notes to financial statements.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Fiduciary Fund Type
	Private Purpose Trust
Non-Operating Cash Receipts:	
Earnings on Investments	\$ -
Total Non-Operating Cash Receipts	-
Net Receipts Over/(Under) Disbursements	-
Fund Cash Balances, January 1	523
Fund Cash Balances, December 31	\$ 523

See notes to financial statements.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pleasant Township, Perry County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the Village of New Lexington and the Village of Corning to provide fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Road & Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Debt Service Fund

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund – This fund accumulates resources for the payment of note principal and interest.

Fiduciary Fund

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

D. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 2018 appears in Note 3.

E. 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.

F. Capital Assets

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.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced, first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 46,350	\$ 39,549	\$ (6,801)
Special Revenue	172,175	152,097	(20,078)
Debt Service	2,500	2,500	-
Total	\$ 221,025	\$ 194,146	\$ (26,879)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 71,286	\$ 62,743	\$ 8,543
Special Revenue	233,575	181,577	51,998
Total	\$ 304,861	\$ 244,320	\$ 60,541

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

Contrary to ORC 5705.41(B), the Township had expenditures greater than appropriations in the Road & Bridge Fund.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. 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:

	2018
Demand Deposits	\$ 123,655
Certificates of Deposit	531
Total Deposits	\$ 124,186

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

5. PROPERTY TAX

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

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

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

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2018
Cash and investments	\$33,097,416
Actuarial liabilities	7,874,610

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2018.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 20,598	\$ 48,560	\$ 2,500	\$ 71,658
Licenses, Permits, and Fees	-	930	-	930
Intergovernmental	14,240	94,936	-	109,176
Earnings on Investments	113	16	-	129
Miscellaneous	2,046	325	-	2,371
Total Cash Receipts	<u>36,997</u>	<u>144,767</u>	<u>2,500</u>	<u>184,264</u>
Cash Disbursements:				
Current:				
General Government	56,298	-	-	56,298
Public Safety	-	19,142	-	19,142
Public Works	-	112,091	-	112,091
Health	-	10,198	-	10,198
Total Cash Disbursements	<u>56,298</u>	<u>141,431</u>	<u>-</u>	<u>197,729</u>
Excess of Receipts Over (Under) Disbursements	(19,301)	3,336	2,500	(13,465)
Other Financing Receipts (Disbursements)				
Other Financing Uses	(52)	-	-	(52)
Total Other Financing Receipts (Disbursements)	<u>(52)</u>	<u>-</u>	<u>-</u>	<u>(52)</u>
Net Change in Fund Cash Balances	(19,353)	3,336	2,500	(13,517)
Fund Cash Balances, January 1	<u>44,854</u>	<u>114,016</u>	<u>17,582</u>	<u>176,452</u>
Fund Cash Balances, December 31				
Restricted	-	115,646	20,082	135,728
Assigned	3,596	1,706	-	5,302
Unassigned (Deficit)	21,905	-	-	21,905
Fund Cash Balances, December 31	<u>\$ 25,501</u>	<u>\$ 117,352</u>	<u>\$ 20,082</u>	<u>\$ 162,935</u>

See notes to financial statements.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Fiduciary Fund Type
	Private Purpose Trust
Non-Operating Cash Receipts:	
Earnings on Investments	\$ -
Total Non-Operating Cash Receipts	-
Net Receipts Over/(Under) Disbursements	-
Fund Cash Balances, January 1	523
Fund Cash Balances, December 31	\$ 523

See notes to financial statements.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. REPORTING ENTITY

Description of the Entity

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The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

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**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Debt Service Fund

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund – This fund accumulates resources for the payment of note principal and interest.

Fiduciary Fund

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

D. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 2017 appears in Note 3.

E. 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.

F. Capital Assets

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.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced, first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 65,985	\$ 36,997	\$ (28,988)
Special Revenue	234,569	144,767	(89,802)
Debt Service	-	2,500	2,500
Total	<u>\$ 300,554</u>	<u>\$ 184,264</u>	<u>\$ (116,290)</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,434	\$ 59,946	\$ 13,488
Special Revenue	213,725	143,137	70,588
Total	<u>\$ 287,159</u>	<u>\$ 203,083</u>	<u>\$ 84,076</u>

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

4. 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:

	2017
Demand Deposits	\$ 162,927
Certificates of Deposit	531
Total Deposits	\$ 163,458

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

5. PROPERTY TAX

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

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

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

6. RISK MANAGEMENT

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. RISK MANAGEMENT(Continued)

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, 2017.

	<u>2017</u>
Assets	\$40,010,732
Liabilities	<u>(8,675,465)</u>
Retained Earnings	<u>\$31,335,267</u>

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$1,386.

Based on discussion 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.

<u>Contributions to OTARMA</u>	
2017	\$3,149
2016	2,964
2015	3,027

After completing one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2017.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Pleasant Township
Perry County
P.O. Box 472
Moxahala, Ohio 43761

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Pleasant Township, Perry County as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 26, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Pleasant Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider Findings 2018-002, 2018-003, 2018-004, 2018-005 and 2018-006 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasant 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, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed four instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2018-001, 2018-003, 2018-007 and 2018-008.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.

Zanesville, Ohio

June 26, 2019

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Noncompliance

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates not exceeding an amount established by resolution or ordinance of the Board against any specific line item account not extending beyond the end of the fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the Board.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Township did not certify the availability of funds prior to purchase commitment for 47% of the expenditures tested for the audit period. Although the obligations paid by the Township had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation and there was no evidence of a “Then and Now” certificate being used by the Fiscal Officer. Failure to properly certify the availability of funds can result in overspending of funds and negative cash balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. In rare instances when prior certification is not possible, “then and now” certification may be used.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 and 2017**

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

FINDING NUMBER 2018-001 (Continued)

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. If the Township officials intend to use blanket certificates, then the Board of Trustees should adopt a resolution establishing the maximum amount for which blanket certificates can be issued.

Client Response: We received no response from the client.

FINDING NUMBER 2018-002

Material Weakness – Bank Reconciliations

In order to ensure the completeness over the Township’s financial statements and reports, bank reconciliations should be performed on a monthly basis. The monthly bank reconciliation process should include the investigation and resolution of any variances between amounts reported by the bank and amounts posted to the Township’s accounting system. It was noted that the township didn’t perform bank reconciliations each month. Rather than waiting to perform a year end bank reconciliation we recommend the township perform monthly bank reconciliations.

The Township’s bank reconciliations during the audit period contained significant reconciling factors labeled as “other adjusting factors” in 2017. The Fiscal Officer failed to follow up on these variances each month and, therefore, differences between the Township’s bank balance and book balance accumulated. Through additional audit procedures, we noted these variances were a result of transactions processed by the bank which were not properly posted to the Township’s accounting system. In addition, we noted outstanding checks were included on the Township’s outstanding check listing which were dated as far back as 2002.

The failure to investigate and identify variances and old reconciling items as part of the monthly reconciliation process could result in errors and/or irregularities occurring and remaining undetected. This also results in monthly financial reports being misleading due to these reports, including the incorrect balances for each fund. During the current audit period, this resulted in significant audit adjustments being made to the Township’s financial statements and also resulted in time spent by auditors in identifying and investigating these variances.

We recommend the Fiscal Officer perform bank reconciliations on a monthly basis. In order for the reconciliation process to be effective, variances should be promptly investigated and corrected as part of the reconciliation process. In addition, we recommend the Board of Trustees review the Township’s bank reconciliations each month to monitor for unusual items and to ensure variances are corrected on a timely basis.

Client Response: We received no response from the client.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 and 2017**

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

FINDING NUMBER 2018-003

Noncompliance and Material Weakness

Ohio Revised Code Section 505.24(D) provides that when township trustees' compensation consists of an annual salary to be paid in equal monthly payments, each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportion as the kinds of services performed.

During 2017 and 2018, Trustees' did not prepare certifications, however they did pass a resolution in the minutes for the amount of time spent in each fund. The resolution percentages did not match what was actually paid. Salaries of \$13,840, \$4,450, and \$13,569 should have been taken out of the General Fund, Cemetery Fund and Road & Bridge Fund, respectively. Therefore, \$31,859 of salaries posted to the Gasoline Tax Fund should not have been posted there based on the resolution.

We recommend that certifications be used every month by the Fiscal Officer and each Trustee to properly account for salaries and the correct posting of such salaries. We also recommend that certifications should match what was actually paid.

Client Response: We have not received a response from the client.

FINDING NUMBER 2018-004

Material Weakness – Reclassifications

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook (Revised March 2018) provides suggested account and fund balance classifications and clarifies the existing governmental fund type definitions. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not properly record all receipts and expenditures. Errors were made in recording various transactions. Amounts were not always posted to the correct fund and/or line item. The following reclassifications and adjustments were made to the financial statements and accounting records.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 and 2017**

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

FINDING NUMBER 2018-004 (Continued)

During 2018 and 2017, the Township's receipts and disbursements were not always posted into accurate classifications. The following misclassifications were noted:

- In 2018, homestead and rollback receipts in the amount of \$3,835, \$1,278, \$435, \$544 and \$762 were posted to Property and Other Local taxes within the General Fund, Road & Bridge Fund, Cemetery Fund, EMS Levy Fund and Fire Levy Fund, respectively, instead of Intergovernmental Receipts.
- In 2017, homestead and rollback receipts in the amount of \$1,776, \$592, \$244, \$306 and \$428 were posted to Property and Other Local taxes within the General Fund, Road & Bridge Fund, Cemetery Fund, EMS Levy Fund and Fire Levy Fund, respectively, instead of Intergovernmental Receipts.
- In 2018, a purchase of a tractor for the township in the amount \$5,000 was posted to Interest and Fiscal Charges within the Debt Service Fund instead of Capital Outlay in the General Fund.
- In 2018, capital outlay purchases for the township in the amount of \$18,500 were posted to General Government within the General Fund instead of Capital Outlay.
- In 2018, capital outlay purchases for the township in the amounts of \$11,000 and \$7,100 were posted to Public Works within the Gasoline Tax Fund and the Road & Bridge Fund, respectively, instead of Capital Outlay.

Reclassifications and adjustments are reflected within the accompanying financial statements and posted to the accounting system.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from the client.

FINDING NUMBER 2018-005

Material Weakness – Financial Reporting

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 and 2017**

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

FINDING NUMBER 2018-005 (Continued)

The Ohio Township Handbook (revised March 2018) provides suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are non-spendable, restricted, committed, assigned and unassigned.

The Township did not properly reflect its December 31, 2018 and 2017 cash balances in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

Financial statement errors identified for the year ended December 31, 2017 were as follows:

- Unassigned Fund Balance was overstated and the Assigned Fund Balance understated by \$3,596 for the General Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$346 for the Motor Vehicle License Tax Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$1,030 for the Gasoline Tax Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$253 for the Road & Bridge Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$67 for the Cemetery Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$10 for the Fire Levy Fund.

Financial statement errors identified for the year ended December 31, 2018 were as follows:

- Unassigned Fund Balance was overstated and the Assigned Fund Balance understated by \$920 for the General Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$2,927 for the Motor Vehicle License Tax Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$5,699 for the Gasoline Tax Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$1,279 for the Road & Bridge Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$67 for the Cemetery Fund.
- Restricted Fund Balance was overstated and the Assigned Fund Balance understated by \$10 for the Fire Levy Fund.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 and 2017**

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

FINDING NUMBER 2018-005 (Continued)

Material adjustments, with which the Township officials' agree, are reflected within the accompanying financial statements.

The Township should develop internal control procedures to ensure the financial statements of the Township accurately reflect the fund cash balance in accordance with GASB Statement No. 54 reporting requirements. The Township Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance.

Client Response: We received no response from the client.

FINDING NUMBER 2016-006

Material Weakness – Posting Receipts Budget

During 2018 and 2017, the Fiscal Officer did not accurately post budgeted receipts and amendments made to them to the accounting system. Variances existed between the Certificate of Estimated Resources and the amounts posted to the accountings system. The following table details these variances:

Fund	Amount Per Last Amended Certificate	Amounts Posted To Accounting System	Variance
General (2018)	\$ 46,350	\$ 45,155	\$ 1,195
MVL Tax (2018)	14,505	13,003	1,502
Gasoline Tax (2018)	95,920	97,020	(1,100)
Road & Bridge (2018)	17,250	18,500	(1,250)
Cemetery (2018)	12,000	12,143	(143)
Misc. Special Rev. (2018)	-	100	(100)
General (2017)	65,985	31,830	34,155
Gasoline Tax (2017)	88,632	88,000	632
Road & Bridge (2017)	15,510	15,400	110
Cemetery (2017)	12,210	11,600	610
EMS Levy (2017)	62,900	11,000	51,900
Fire Levy (2017)	47,520	15,500	32,020

We recommend the Fiscal Officer accurately post estimated receipts as approved by the County Budget Commission into the computer system. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Client Response: We receive no response from the client.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 and 2017**

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

FINDING NUMBER 2018-007

Noncompliance

Ohio Revised Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. For financial information to be considered complete, financial statements must include footnotes. We noted the footnotes did not include certain information and there were some noted variances, as described below:

December 31, 2017 were as follows:

- The Township's Budgetary Activity footnote included material differences.
- The Township's Equity in Pooled Cash footnote had the Township's bank balance and did not account for outstanding checks.

December 31, 2018 were as follows:

- The Township's budgetary activity footnote included material differences.
- The Township's Equity in Pooled Cash footnote included material differences.

The Township filed their 2017 year-end financial information in the Hinkle System on March 5, 2018, which is after the due date.

We recommend the Township complete accurate and complete financial information in a timely manner.

Client Response: We received no response from the client.

FINDING NUMBER 2018-008

Noncompliance

Ohio Revised Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which the fund was established. As a result, a deficit fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of December 31, 2018, the Motor Vehicle License Tax Fund and Road & Bridge Fund had a negative cash balance of \$173 and \$11,992, respectively.

We recommend the Fiscal Officer monitor fund balances to properly ensure that monies from one fund are not utilized to pay the obligation of another fund.

Client Response: We have received no response from the client.

**PLEASANT TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2016-001	ORC 5705.39 Appropriations Exceeding Resources	Yes	Finding No Longer Valid
2016-002	ORC 5705.41(D)(1) Fiscal Certificates Dated After Invoices	No	Not Corrected - Refer to Finding 2018-001
2016-003	Bank Reconciliations	No	Not Corrected - Refer to Finding 2018-002
2016-004	Reclassifications	No	Not Corrected- Refer to Finding 2018-004
2016-005	Financial Reporting	No	Not Corrected - Refer to Finding 2018-005
2016-006	ORC 5705.24 Trustees's Compensation	No	Not Corrected - Refer to Finding 2018-003
2016-007	ORC 5705.36 Appropriations Exceeding Resources	Yes	Finding No Longer Valid
2016-008	Posting Budget to Accounting System	No	Not Corrected - Refer to Finding 2018-006

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OHIO AUDITOR OF STATE
KEITH FABER



PLEASANT TOWNSHIP

PERRY 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
AUGUST 27, 2019**