



OHIO AUDITOR OF STATE
KEITH FABER



PLEASANT TOWNSHIP
FRANKLIN COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2020, 2019, and 2018 and related notes of the Pleasant Township, Franklin County, Ohio (the Township).

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(C) 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 such 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 opinions.

Efficient • Effective • Transparent

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

As described in Note 1 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(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), 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(C) permit. Our opinion on this accounting basis 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 the Township, as of December 31, 2020, 2019, and 2018, and the respective 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 for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019 and 2018, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 10 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2023, 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. 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.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 18, 2023

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PLEASANT TOWNSHIP, FRANKLIN COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	66,607	1,892,039	-	-	1,958,646
Charges for Services	-	131,792	-	-	131,792
Licenses, Permits and Fees	42,552	2,200	-	-	44,752
Intergovernmental	148,762	1,086,960	-	-	1,235,722
Special Assessments	-	26,993	-	-	26,993
Earnings on Investments	12,799	1,076	-	24	13,899
Miscellaneous	88,044	10,658	-	-	98,702
Total Cash Receipts	<u>358,764</u>	<u>3,151,718</u>	<u>-</u>	<u>24</u>	<u>3,510,506</u>
Cash Disbursements					
Current:					
General Government	119,537	23,664	-	-	143,201
Public Safety	-	1,026,708	-	-	1,026,708
Public Works	-	165,547	-	-	165,547
Health	55,353	14,695	-	-	70,048
Human Services	76,911	1,676,634	-	-	1,753,545
Other	2,299	80,962	-	-	83,261
Capital Outlay	39,697	24,789	-	-	64,486
Debt Service:					
Principal Retirement	-	20,285	-	-	20,285
Interest and Fiscal Charges	-	16,899	-	-	16,899
Total Cash Disbursements	<u>293,797</u>	<u>3,050,183</u>	<u>-</u>	<u>-</u>	<u>3,343,980</u>
Excess of Receipts Over (Under) Disbursements	<u>64,967</u>	<u>101,535</u>	<u>-</u>	<u>24</u>	<u>166,526</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	30,000	-	-	30,000
Transfers Out	(30,000)	-	-	-	(30,000)
Advances In	-	-	-	-	-
Other Financing Sources	94	8,734	-	-	8,828
Total Other Financing Receipts (Disbursements)	<u>(29,906)</u>	<u>38,734</u>	<u>-</u>	<u>-</u>	<u>8,828</u>
Net Change in Fund Cash Balances	35,061	140,269	-	24	175,354
Fund Cash Balances, January 1	<u>471,815</u>	<u>1,188,585</u>	<u>27,864</u>	<u>2,456</u>	<u>1,690,720</u>
Fund Cash Balances, December 31	<u>506,876</u>	<u>1,328,854</u>	<u>27,864</u>	<u>2,480</u>	<u>1,866,074</u>

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

A. Description of the Township

The constitution and laws of the State of Ohio establish the rights and privileges of Pleasant Township, Franklin County, Ohio. (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 classified 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. 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.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2020

2. Special Revenue Funds

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

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

Local Coronavirus Relief Fund – This fund receives CARES Act money that is used to cover expenses related to the COVID-19 pandemic.

3. Capital Project Fund

This fund accounts for receipts committed to acquiring or constructing major capital projects. The Township had the following significant capital project fund:

Capital Equipment Fund – The Township receives interest revenue and transfers from the General Fund for the purpose of capital equipment for the Township.

4. Permanent Fund

This fund accounts 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 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.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2020

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

F. 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:

1. Non-spendable

The Township classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2020

4. 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.

5. 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.

G. 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.

H. 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 Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The Carrying amount of deposits and investments at December 31, 2020 was as follows:

Demand deposits	\$1,062,595
Certificate of Deposit	<u>1,135</u>
Total deposits	\$1,063,730
Investments	<u>802,344</u>
Total Deposits and Investments	\$ 1,866,074

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2020

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 year ending 2020 follows:

2020 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	316,187	358,858	42,671
Special Revenue	2,647,635	3,190,452	542,817
Capital	25,000	-0-	(25,000)
Permanent	<u>1</u>	<u>24</u>	<u>23</u>
Total	2,988,823	3,549,334	560,511

2020 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	583,350	323,797	259,553
Special Revenue	3,129,863	3,050,183	79,680
Capital	11,000	- 0 -	11,000
Permanent	<u>1,000</u>	<u>- 0 -</u>	<u>1,000</u>
Total	3,725,213	3,373,980	351,233

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gas Tax Fund (\$24,695), Road & Bridge (\$29,205), Lighting Assessment (\$4,522) and CARES Act (\$293,086) for the year ended December 31, 2020.

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. The second half payment is due the following June 20.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2020

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

5. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. The Township contributed to OP&F the participants required contribution of 12.25 percent and an amount equal to 24 percent of full-time fire fighters' wages as agreed to within the union contract. The Township has paid all contributions required through December 31, 2020.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

6. Postemployment Benefits

Both OPERS and OP&F offer 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2020

7. Risk Pool Membership

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, 2020:

	<u>2020</u>
Cash and investments	\$ 36,348,066
Actuarial liabilities	\$ 10,894,146

8. Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Lease Purchase	\$394,715	3.59%
Total	<u>\$394,715</u>	

The Township entered a lease purchase agreement to finance the purchase of a new fire truck for the Township.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2020

Amortization

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

<u>Year Ending December 31:</u>	<u>Lease Purchase</u>
2021	\$49,758
2022	49,578
2023	49,578
2024	49,578
2025	49,578
2026-2030	210,525
Total	<u><u>\$458,595</u></u>

9. Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Township had zero outstanding encumbrances. The fund balance of special revenue funds is restricted. The fund balance of capital projects fund is committed.

10. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continued through May 2023. During 2020, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

11. Related Party Transactions

The Township Road Superintendent rented his personal equipment to the Township for various projects. The Township paid \$1,200 for this rented equipment during 2020.

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PLEASANT TOWNSHIP, FRANKLIN COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	67,433	1,910,601	-	-	1,978,034
Charges for Services	-	156,290	-	-	156,290
Licenses, Permits and Fees	40,706	3,245	-	-	43,951
Intergovernmental	149,518	555,147	-	-	704,665
Special Assessments	-	28,902	-	-	28,902
Earnings on Investments	23,519	1,342	-	-	24,861
Miscellaneous	54,397	31,914	-	-	86,311
<i>Total Cash Receipts</i>	<u>335,573</u>	<u>2,687,441</u>	<u>-</u>	<u>-</u>	<u>3,023,014</u>
Cash Disbursements					
Current:					
General Government	88,942	-	-	-	88,942
Public Safety	-	685,173	-	-	685,173
Public Works	-	242,010	-	-	242,010
Health	48,552	183	-	-	48,735
Human Services	121,501	1,788,481	-	-	1,909,982
Other	1,788	90,862	-	-	92,650
Capital Outlay	-	21,519	108,479	-	129,998
<i>Total Cash Disbursements</i>	<u>260,783</u>	<u>2,828,228</u>	<u>108,479</u>	<u>-</u>	<u>3,197,490</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>74,790</u>	<u>(140,787)</u>	<u>(108,479)</u>	<u>-</u>	<u>(174,476)</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	-	5,035	-	-	5,035
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>5,035</u>	<u>-</u>	<u>-</u>	<u>5,035</u>
<i>Net Change in Fund Cash Balances</i>	<u>74,790</u>	<u>(135,752)</u>	<u>(108,479)</u>	<u>-</u>	<u>(169,441)</u>
<i>Fund Cash Balances, January 1</i>	<u>397,025</u>	<u>1,324,337</u>	<u>136,343</u>	<u>2,456</u>	<u>1,860,161</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	2,456	2,456
Restricted	-	1,188,585	-	-	1,188,585
Committed	-	-	27,864	-	27,864
Assigned	267,163	-	-	-	267,163
Unassigned (Deficit)	204,652	-	-	-	204,652
<i>Fund Cash Balances, December 31</i>	<u>471,815</u>	<u>1,188,585</u>	<u>27,864</u>	<u>2,456</u>	<u>1,690,720</u>

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2019

1. Summary of Significant Accounting Policies

A. Description of the Township

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

C. Deposits and Investments

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

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PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2019

2. Special Revenue Funds

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

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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 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.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2019

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

F. 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:

1. Non-spendable

The Township classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2019

4. 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.

5. 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.

G. 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.

H. 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 Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2019 was as follows:

Demand deposits	\$ 901,114
Certificate of Deposit	<u>1,111</u>
Total deposits	\$ 902,228
Investments	<u>788,495</u>
Total Deposits and Investments	\$ 1,690,720

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2019

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 year ending 2019 follows:

2019 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	289,783	335,573	45,790
Special Revenue	2,506,527	2,692,476	185,949
Capital	25,000	- 0 -	(25,000)
Permanent	<u>1</u>	<u>- 0 -</u>	<u>(1)</u>
Total	2,821,311	3,028,049	206,738

2019 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	583,350	260,783	322,567
Special Revenue	2,721,363	2,828,228	(106,865)
Capital	100,059	108,479	(8,420)
Permanent	<u>1,000</u>	<u>- 0 -</u>	<u>1,000</u>
Total	3,405,772	3,197,490	208,282

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gas Tax Fund (\$32,138), Road & Bridge (\$45,595), Lighting Assessment (\$3,716), FEMA (\$101,699), Permissive Motor Vehicle License Tax (\$57,562) and Capital projects fund by (\$ 8,420) for the year ended December 31, 2019.

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. The second half payment is due the following June 20.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2019

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

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

5. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. The Township contributed to OP&F the participants required contribution of 12.25 percent and an amount equal to 24 percent of full-time fire fighters' wages as agreed to within the union contract. The Township has paid all contributions required through December 31, 2019.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2019

6. Postemployment Benefits

Both OPERS and OP&F offer 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

7. Risk Pool Membership

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, 2019:

	<u>2019</u>
Cash and investments	\$ 35,207,320
Actuarial liabilities	\$ 10,519,942

8. Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Lease Purchase	\$415,000	3.59%
Total	<u>\$415,000</u>	

The Township entered a lease purchase agreement to finance the purchase of a new fire truck for the Township.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2019

Amortization

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

<u>Year Ending</u> <u>December 31:</u>	<u>Lease</u> <u>Purchase</u>
2020	\$37,184
2021	49,578
2022	49,578
2023	49,578
2024	49,578
2025-2030	<u>260,283</u>
Total	<u><u>\$495,779</u></u>

9. Related Party Transactions

The Township Road Superintendent rented his personal equipment to the Township for various projects. The Township paid \$825 for this rented equipment during 2019.

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PLEASANT TOWNSHIP, FRANKLIN COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	66,050	1,870,154	-	-	1,936,204
Charges for Services	-	170,284	-	-	170,284
Licenses, Permits and Fees	38,908	6,354	-	-	45,262
Intergovernmental	154,515	719,639	-	-	874,154
Special Assessments	-	27,551	-	-	27,551
Earnings on Investments	6,977	561	-	1	7,539
Miscellaneous	55,666	1,160	-	-	56,826
<i>Total Cash Receipts</i>	<u>322,116</u>	<u>2,795,703</u>	<u>-</u>	<u>1</u>	<u>3,117,820</u>
Cash Disbursements					
Current:					
General Government	165,935	-	-	-	165,935
Public Safety	-	731,900	-	-	731,900
Public Works	87,124	316,515	-	-	403,639
Health	47,059	3,184	-	-	50,243
Other	114,014	1,826,270	288	-	1,940,572
Capital Outlay	6,591	-	-	-	6,591
<i>Total Cash Disbursements</i>	<u>420,723</u>	<u>2,877,869</u>	<u>288</u>	<u>-</u>	<u>3,298,880</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(98,607)</u>	<u>(82,166)</u>	<u>(288)</u>	<u>1</u>	<u>(181,060)</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	30,000	-	-	30,000
Transfers Out	(30,000)	-	-	-	(30,000)
Other Financing Sources	-	3,450	-	-	3,450
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,000)</u>	<u>33,450</u>	<u>-</u>	<u>-</u>	<u>3,450</u>
<i>Net Change in Fund Cash Balances</i>	(128,607)	(48,716)	(288)	1	(177,610)
<i>Fund Cash Balances, January 1</i>	<u>525,632</u>	<u>1,373,053</u>	<u>136,631</u>	<u>2,455</u>	<u>2,037,771</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	2,456	2,456
Restricted	-	1,324,337	-	-	1,324,337
Committed	-	-	136,343	-	136,343
Assigned	293,567	-	-	-	293,567
Unassigned (Deficit)	103,458	-	-	-	103,458
<i>Fund Cash Balances, December 31</i>	<u>397,025</u>	<u>1,324,337</u>	<u>136,343</u>	<u>2,456</u>	<u>1,860,161</u>

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2018

1. Summary of Significant Accounting Policies

A. Description of the Township

The constitution and laws of the State of Ohio establish the rights and privileges of Pleasant Township, Franklin County, Ohio. (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 classified 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. 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.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2018

2. Special Revenue Funds

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

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

3. Capital Project Fund

This fund accounts for receipts committed to acquiring or constructing major capital projects. The Township had the following significant capital project fund:

Capital Equipment Fund – The Township receives interest revenue and transfers from the General Fund for the purpose of capital equipment for the Township.

4. Permanent Fund

This fund accounts 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 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.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2018

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

F. 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:

1. Non-spendable

The Township classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2018

4. 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.

5. 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.

G. 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.

H. 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 Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The Carrying amount of deposits and investments at December 31, 2018 was as follows:

Demand deposits	\$1,095,415
Certificate of Deposit	<u>1,111</u>
Total deposits	\$1,860,163
Investments	<u>763,635</u>
Total Deposits and Investments	\$1,860,161

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2018

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 year ending 2018 follows:

2018 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$252,492	\$322,116	69,624
Special Revenue	2,867,869	2,829,153	(38,716)
Capital	65,000	0	(65,000)
Permanent	<u>1</u>	<u>1</u>	<u>- 0 -</u>
Total	\$3,185,362	\$3,151,270	(\$34,092)

2018 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$765,355	\$450,723	\$314,632
Special Revenue	3,153,488	2,877,869	275,619
Capital	197,405	35,347	162,058
Permanent	<u>1,000</u>	<u>- 0 -</u>	<u>1,000</u>
Total	\$4,117,248	\$3,363,939	\$753,309

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. 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.

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 STATEMENT
DECEMBER 31, 2018

5. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. The Township contributed to OP&F the participants required contribution of 12.25 percent and an amount equal to 24 percent of full-time fire fighters' wages as agreed to within the union contract. The Township has paid all contributions required through December 31, 2018.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

6. Postemployment Benefits

Both OPERS and OP&F offer 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

PLEASANT TOWNSHIP
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2018

7. Risk Pool Membership

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:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

8. Subsequent Events

The Township entered into a Lease Purchase Agreement with Community First National Bank on August 27, 2019 for the purchase of a new fire truck in the amount of \$415,000 with an interest rate of 3.59% to be repaid by March 1, 2030.

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S 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, Ohio 43123

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020, and for each governmental fund type as of and for the years ended December 31, 2019 and 2018, and related notes of the Pleasant Township, Franklin County, (the Township) and have issued our report thereon dated August 18, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures which may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 18, 2023

**PLEASANT TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020, 2019, AND 2018**

FINDING NUMBER 2020-001

Budgetary Amendments & System Updates– Material Weakness and Noncompliance

Ohio Rev. Code § 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated in accordance with the Ohio Revised Code.

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township, and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters. The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The Township posted receipt and appropriation amendments to the accounting system that had not been approved by the County Budget Commission. Variances were identified and corrected in the notes ranging from \$108 to \$1,622,149.

Failure to obtain the required budgetary approvals and accurately post approved appropriations and estimated resources to the ledgers resulted in inaccurate presentation of budgetary information in the Township’s annual financial report and expenditures exceeding appropriations in the following funds:

- Gas Tax Fund (\$32,138), Road & Bridge (\$45,595), Lighting Assessment (\$3,716), FEMA (\$101,699), Permissive Motor Vehicle License Tax (\$57,562) and Capital projects fund by (\$ 8,420) for the year ended December 31, 2019.
- Gas Tax Fund (\$24,695), Road & Bridge (\$29,205), Lighting Assessment (\$4,522) and Permissive Motor Vehicle License Tax (\$293,086) for the year ended December 31, 2020.

The Township should implement budgetary monitoring controls to help ensure the Fiscal Officer has accurately and timely obtained approval of all budgetary amendments from the County Budget Commission and posted all estimated receipts, appropriations as approved in the accounting system.

Officials’ Response:

**PLEASANT TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020, 2019, AND 2018**

FINDING NUMBER 2020-002

Accurate Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to the lack of internal controls in place to help ensure receipts, expenditures, and fund balances are properly classified on the financial statements, the following adjustments were posted to the financial statements and applicable footnote disclosures for the years ended December 31, 2020, 2019 and 2018:

- To reclassify Township adjustment related to 2017 revenues to increase 2018 beginning fund balances for the General and decrease beginning fund balances in Special Revenue funds in the amount of \$9,801.
- To reclassify other financing sources in the General fund as miscellaneous receipts in 2018 and 2019 in the amounts of \$53,249 and \$51,843 respectively.
- To record \$288 of other disbursements in 2018 Capital Project funds for misallocated interest from a prior period and increase 2018 special revenue earnings on investment by the same amount.
- To reclassify general fund unassigned balances for future appropriations as assigned in 2018 and 2019 in the amounts of \$293,567 and \$267,163 respectively.
- To reclassify special revenue unassigned balances as restricted in 2018 and 2019 in the amounts of \$1,324,337 and \$1,188,585 respectively.
- To reclassify capital project fund unassigned balances as committed in 2018 and 2019 in the amounts of \$136,343 and \$27,864 respectively.
- To reclassify permanent improvement fund unassigned balances as nonexpendable in 2018 and 2019 in the amounts of \$2,456 each year.
- To reclassify other financing Sources in special revenue funds as intergovernmental receipts in 2020 in the amount of \$561,469.
- To reclassify advance in within special revenue funds as intergovernmental receipts in 2020 in the amount of \$18,202.

In addition to the adjustments listed above, we also identified an additional misstatement on the 2019 financial statements in the amount of \$2,603 which was brought to the Township's attention and not applied to the financial statements. The note disclosures for all three years, also required significant adjustments to the Equity in Pooled Deposits and Investments note and Risk Management notes; as well as addition of debt and related party note disclosures.

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.

We recommend the Township enhance internal controls to help ensure accuracy of the accounting ledgers and increase the reliability of the financial data throughout the year. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Ohio Township Handbook line-item descriptions and Auditor of State Bulletins.

Official's Response:

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Pooled Collateral	Fully Corrected	
2017-002	Posting Errors	Not Corrected	Reissued in the Management Letter
2017-003	Financial Reporting	Not Corrected	Reissued as Finding 2020-002
2017-004	Budgetary Posting	Not Corrected	Reissued as Finding 2020-001
2017-005	IT Security, Operations and Updates	Fully Corrected	
2017-006	Segregation of Duties	Not Corrected	Reissued in the Management Letter

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OHIO AUDITOR OF STATE KEITH FABER



PLEASANT TOWNSHIP

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/30/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov