



**PLEASANT VALLEY JOINT FIRE DISTRICT
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PLEASANT VALLEY JOINT FIRE DISTRICT
MADISON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Pleasant Valley Joint Fire District
Madison County
213 Chillicothe Street
Plain City, Ohio 43064

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Valley Joint Fire District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and reserves for encumbrances of the District, as of December 31, 2000 and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

January 24, 2001

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**PLEASANT VALLEY JOINT FIRE DISTRICT
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE**

FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

	<u>12/31/00</u>	<u>12/31/99</u>
Cash Receipts:		
Local Taxes	\$927,080	\$899,099
Intergovernmental	110,545	107,081
Charges for Services	15,500	15,500
Earnings on Investments	12,007	9,539
Permits	0	255
Miscellaneous	6,408	8,123
Total Cash Receipts	<u>1,071,540</u>	<u>1,039,597</u>
Cash Disbursements:		
Current:		
Security of Persons and Property	858,781	805,028
General Government	90,294	67,096
Debt Service		
Redemption of Principal	0	100,000
Interest	0	1,057
Capital Lease	168,578	68,529
Capital Outlay	24,452	82,355
Total Disbursements	<u>1,142,105</u>	<u>1,124,065</u>
Total Receipts Over/(Under) Disbursements	<u>(70,565)</u>	<u>(84,468)</u>
Other Financing Receipts/(Disbursements):		
Proceeds from Debt (Line of Credit)	0	100,000
Refund of Prior Year Expenditure	2,276	58,568
Total Other Financing Receipts/(Disbursements)	<u>2,276</u>	<u>158,568</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(68,289)	74,100
Cash Balance January 1	175,858	86,303
Residual equity transfer in	0	15,455
Cash Balance, December 31	<u>\$107,569</u>	<u>\$175,858</u>
Reserves for Encumbrances, December 31	<u>\$1,599</u>	<u>11,759</u>

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

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**PLEASANT VALLEY JOINT FIRE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Valley Joint Fire District, Madison County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed five-member Board of Trustees. The Board member is appointed by each political subdivision within the District. Those subdivisions are, Canaan and Darby Townships in Madison County, Unionville Center and Darby Townships in Union County, the Village of Plain City in Madison County. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are limited to stock certificates which were donated to the District. Donated stock is carried at the fair market value at the time of the donation. The fair market value at December 31, 2000 was \$1,819 for the AT & T stock and \$5,172 for the Verizon Communications stock.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. 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 function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**PLEASANT VALLEY JOINT FIRE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 96,644	\$ 164,933
Total deposits	<u>96,644</u>	<u>164,933</u>
Stock (Donated)	5,100	5,100
STAR Ohio	<u>5,825</u>	<u>5,825</u>
Total investments	<u>10,925</u>	<u>10,925</u>
Total deposits and investments	<u>\$ 107,569</u>	<u>\$ 175,858</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District.

Investments: Stock certificates are held in book-entry form by the District's broker, in the name of the District.

**PLEASANT VALLEY JOINT FIRE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
	\$ 1,071,580	\$ 1,073,816	\$ 2,236
Total	<u>\$ 1,071,580</u>	<u>\$ 1,073,816</u>	<u>\$ 2,236</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
	\$ 1,216,929	\$ 1,143,704	\$ 73,225
Total	<u>\$ 1,216,929</u>	<u>\$ 1,143,704</u>	<u>\$ 73,225</u>

1999 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
	\$ 1,251,623	\$ 1,198,165	\$ (53,458)
Total	<u>\$ 1,251,623</u>	<u>\$ 1,198,165</u>	<u>\$ (53,458)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
	\$ 1,443,068	\$ 1,135,824	\$ 307,244
Total	<u>\$ 1,443,068</u>	<u>\$ 1,135,824</u>	<u>\$ 307,244</u>

4. PROPERTY TAX

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

**PLEASANT VALLEY JOINT FIRE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

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 District.

5. CAPITALIZED LEASE - LESSEE DISCLOSURE

In 1999 Union County issued \$2,000,000 in revenue bonds on behalf of the Fire District for constructing a new fire station and refinancing (current refunding) the surcharge of a fire engine and ambulance. The amount of debt refunded by the County for District obligations, amounted to \$141,383. The County is responsible for all payments and or defaults on the revenue bonds. The District has entered into a capital lease with the County for the purchase of the fire station after all debt requirements have been made. The debt service requirements are equal to the capital lease payments that the District is making to the County. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2000.

Fiscal Year Ending December 31,	Fire House
2001	\$174,575
2002	171,575
2003	173,575
2004	175,325
Subsequent	2,628,575
Total minimum lease payments	3,323,625
Less: amount representing interest	(1,378,625)
Present value of minimum lease payments	\$1,945,000

Under the District's basis of accounting these assets are not reflected on the accompanying financial statements.

6. RESIDUAL EQUITY TRANSFER

As mentioned in Note 5 the District entered into a lease agreement with Union County in 1999 for the lease purchase of a new fire house. In 1998 the District started the planning process for the construction of a new fire house. The District established a Capital Projects fund to account for the expenditures related to the planning stage, so they could be reimbursed by Union County. The District closed out the Capital Projects fund when they entered into the lease agreement with Union County.

The unexpended balance of the Capital Project fund (\$15,455) was transferred to the District's General fund in 1999.

**PLEASANT VALLEY JOINT FIRE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RETIREMENT SYSTEMS

The District's full-time fire fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The District contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

8. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Pleasant Valley Joint Fire District
Madison County
213 Chillicothe Street
Plain City, Ohio 43064

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Valley Joint Fire District, Madison County, Ohio (the District), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated January 24, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 24, 2001.

Pleasant Valley Joint Fire District
Madison County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

January 24, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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PLEASANT VALLEY JOINT FIRE DISTRICT

MADISON 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
FEBRUARY 13, 2001**