



**Auditor of State
Betty Montgomery**

**PLEASANT HILL - NEWTON TOWNSHIP JOINT FIRE DISTRICT
MIAMI COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – General Fund – For the Year Ended December 31, 2002	3
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – General Fund – For the Year Ended December 31, 2001	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings.....	11
Schedule of Prior Year Findings	13

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Hill - Newton Township Joint Fire District
Miami County
PO Box 139
Pleasant Hill, Ohio 45359

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Hill - Newton Township Joint Fire District, Miami County, (the District), as of and for the years ended December 31, 2002 and 2001. 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 auditing standards generally accepted in the United States of America 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 fund cash balances of the District, as of December 31, 2002 and 2001, 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 April 3, 2003, 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.

Pleasant Hill - Newton Township Joint Fire District
Miami County
Independent Accountants' Report
Page 2

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

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

Betty Montgomery
Auditor of State

April 3, 2003

**PLEASANT HILL - NEWTON TOWNSHIP JOINT FIRE DISTRICT
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General
Cash Receipts:	
Local Taxes	\$88,856
Intergovernmental	13,244
Charges for Services	4,932
Earnings on Investments	126
Miscellaneous	3,710
Total Cash Receipts	110,868
Cash Disbursements:	
Current:	
General Government	8,723
Public Safety	32,460
Debt Service:	
Redemption of Principal	50,000
Interest	2,758
Capital Outlay	6,385
Total Disbursements	100,326
Total Receipts Over/(Under) Disbursements	10,542
Other Financing Receipts:	
Sale of Fixed Assets	2,555
Total Other Financing Receipts	2,555
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	13,097
Fund Cash Balance, January 1	5,138
Fund Cash Balance, December 31	\$18,235

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

**PLEASANT HILL - NEWTON TOWNSHIP JOINT FIRE DISTRICT
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

Cash Receipts:	
Local Taxes	\$68,765
Intergovernmental	9,718
Earnings on Investments	127
Miscellaneous	<u>3,841</u>
Total Cash Receipts	<u>82,451</u>
Cash Disbursements:	
Current:	
General Government	9,575
Public Safety	30,485
Debt Service:	
Redemption of Principal	30,000
Capital Outlay	<u>90,918</u>
Total Disbursements	<u>160,978</u>
Total Receipts (Under) Disbursements	<u>(78,527)</u>
Other Financing Receipts:	
Proceeds from Loan	<u>80,000</u>
Total Other Financing Receipts	<u>80,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	1,473
Fund Cash Balance, January 1	<u>3,665</u>
Fund Cash Balance, December 31	<u><u>\$5,138</u></u>

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

**PLEASANT HILL – NEWTON TOWNSHIP JOINT FIRE DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Hill - Newton Township Joint Fire District, Miami County, (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. Two board members are appointed by each political subdivision within the District. Those subdivisions are Newton Township and the Village of Pleasant Hill. The four Board members then appoint a Trustee-at-Large from the political subdivisions within the District. The District provides fire protection and rescue services within 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

The District maintains all funds in an interest bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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.

**PLEASANT HILL – NEWTON TOWNSHIP JOINT FIRE DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. The District did not use the encumbrance method of accounting contrary to Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$18,235	\$5,138

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,996	\$113,423	\$12,427

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,825	\$100,326	\$5,499

**PLEASANT HILL – NEWTON TOWNSHIP JOINT FIRE DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$158,661</u>	<u>\$162,451</u>	<u>\$3,790</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$162,326</u>	<u>\$160,978</u>	<u>\$1,348</u>

Contrary to Ohio law, budgetary expenditures exceeded the appropriation authority at the fund, function level which is the legal level of control, in certain line items at November 30 and December 31, 2002 and 2001.

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.

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

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. DEBT

The District entered into a general obligation note on April 11, 2001, for the purchase of a new fire truck. Final payment was made on August 22, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Pleasant Hill - Newton Township Joint Fire District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- and Vehicles.

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**Auditor of State
Betty Montgomery**

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

Pleasant Hill – Newton Township Joint Fire District
Miami County
P. O. Box 139
Pleasant Hill, Ohio 45349

To the Board of Trustees:

We have audited the accompanying financial statements of the Pleasant Hill-Newton Township Joint Fire District, Miami County, (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated April 3, 2003.

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 April 3, 2003.

Pleasant Hill – Newton Township Joint Fire District
Miami County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

April 3, 2003

PLEASANT HILL - NEWTON TOWNSHIP JOINT FIRE DISTRICT
MIAMI COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-001

Ohio Rev. Code Section 5705.41 (D), states, no orders or contracts involving the expenditure of money is to be made unless there is attached there to a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This Section of the Code provides the following exception to this requirement:

If no certificate is issued at the time the contract or order is presented, the fiscal officer may execute a then and now certificate that states that there was, at the time of the making of such contract or order, and at the time of the execution of such certificate, a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. If the amount involved is greater than one thousand dollars, the taxing authority must authorize the drawing of a warrant with a resolution or ordinance within thirty days from execution of the then and now.

The District was in violation of the above provision and did not meet the requirements to the exception for all of the expenditure transactions examined for the period of January 1, 2001 through December 31, 2002.

FINDING NUMBER 2002-002

Ohio Rev. Code Section 5705.41 (B), states that a political subdivision shall not expend funds until they have been appropriated. An examination of expenditures at November 30, 2001 and 2002, and at December 31, 2001 and 2002, noted that the District had expenditures that exceeded the appropriations at the fund, function level, which is the legal level of budgetary control adopted by the Board.

Pleasant Hill - Newton Township Joint Fire District
 Miami County
 Schedule of Findings
 Page 2

November 30, 2001 Line Item	Amount Appropriated	Expended	Unfavorable Variance
Buildings & Equipment	40,000	120,843	80,843
Supplies	3,500	4,970	1,470
Insurance	13,000	14,657	1,657
December 31, 2001 Line Item	Amount Appropriated	Expended	Unfavorable Variance
Buildings & Equipment	120,000	120,918	918
Supplies	3,500	5,609	2,109
Insurance	13,000	14,657	1,657
November 30, 2002 Line Item	Amount Appropriated	Expended	Unfavorable Variance
Salaries	6,000	6,501	501
Supplies	1,000	5,064	4,064
Insurance	15,000	16,191	1,191
December 31, 2002 Line Item	Amount Appropriated	Expended	Unfavorable Variance
Salaries	6,000	6,751	751
Supplies	1,000	5,341	4,341
Insurance	15,000	16,191	1,191

The District should monitor financial reports to ensure budgetary expenditures do not exceed appropriations at the legal level of control throughout the year. In instances where it appears appropriations are insufficient to meet projected needs, the Board should pass a resolution to amend appropriations. This analysis should also encompass a review of actual resources available for expenditures.

**PLEASANT HILL - NEWTON TOWNSHIP JOINT FIRE DISTRICT
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40355-001	Revised Code 5705.41(D), failure to certify the availability of funds prior to purchase commitment.	No	Repeated for FY 01 & 02, Finding 2002-001



**Auditor of State
Betty Montgomery**

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PLEASANT HILL-NEWTON TOWNSHIP JOINT FIRE DISTRICT

MIAMI 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
JUNE 17, 2003**