



**Auditor of State
Betty Montgomery**

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Valley Joint Fire District
Union County
650 West Main Street
Plain City, Ohio 43064

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Valley Joint Fire District, Union County, Ohio, (the District) as of and for the years ended December 31, 2002, and December 31, 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 cash fund balances of the District as of December 31, 2002, and December 31, 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 June 2, 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.

This report is intended solely for the information and use of the audit committee, 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

June 2, 2003

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$1,196,608	\$0	\$0	\$1,196,608
Intergovernmental	147,859	0	0	147,859
Charges for Services	15,500	73,532	0	89,032
Earnings on Investments	6,033	0	0	6,033
Miscellaneous	23,263	0	0	23,263
Total Cash Receipts	<u>1,389,263</u>	<u>73,532</u>	<u>0</u>	<u>1,462,795</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,161,829	18,374	0	1,180,203
General Government	23,275	0	0	23,275
Debt Service:			0	
Redemption of Principal	69,093	0	0	69,093
Interest	115,763	0	0	115,763
Capital Outlay	14,083	19,422	40,412	73,917
Total Disbursements	<u>1,384,043</u>	<u>37,796</u>	<u>40,412</u>	<u>1,462,251</u>
Total Receipts Over/(Under) Disbursements	<u>5,220</u>	<u>35,736</u>	<u>(40,412)</u>	<u>544</u>
Other Financing Receipts/(Disbursements):				
Other financing sources	25,732	0	0	25,732
Loss of sale of donated stock	(1,690)	0	0	(1,690)
Total Other Financing Receipts(Disbursements)	<u>24,042</u>	<u>0</u>	<u>0</u>	<u>24,042</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Receipts Disbursements	29,262	35,736	(40,412)	24,586
Fund Cash Balances, January 1	<u>135,028</u>	<u>0</u>	<u>56,082</u>	<u>191,110</u>
Fund Cash Balances, December 31	<u><u>\$164,290</u></u>	<u><u>\$35,736</u></u>	<u><u>\$15,670</u></u>	<u><u>\$215,696</u></u>

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

**PLEASANT VALLEY JOINT FIRE DISTRICT
MADISON/UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Project</u>	
Cash Receipts:			
Local Taxes	\$1,179,194	\$0	\$1,179,194
Intergovernmental	143,054	0	143,054
Charges for Services	15,500	0	15,500
Miscellaneous	54,417	0	54,417
Total Cash Receipts	<u>1,392,165</u>	<u>0</u>	<u>1,392,165</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	1,121,745	0	1,121,745
General Government	30,608	0	30,608
Debt Service:			
Redemption of Principal	60,000	4,384	64,384
Interest	114,576	2,256	116,832
Capital Outlay	37,777	12,278	50,055
Total Disbursements	<u>1,364,706</u>	<u>18,918</u>	<u>1,383,624</u>
Total Receipts Over/(Under) Disbursements	<u>27,459</u>	<u>(18,918)</u>	<u>8,541</u>
Other Financing Receipts/(Disbursements):			
Loan Proceeds	<u>0</u>	<u>75,000</u>	<u>75,000</u>
Total Other Financing Receipts	<u>0</u>	<u>75,000</u>	<u>75,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	27,459	56,082	83,541
Fund Cash Balances, January 1	<u>107,569</u>	<u>0</u>	<u>107,569</u>
Fund Cash Balances, December 31	<u>\$135,028</u>	<u>\$56,082</u>	<u>\$191,110</u>

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

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant Valley Joint Fire District, Union 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. One 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, and the Village of Plain City in Madison County. The District provides fire protection, rescue services, ambulance and EMS 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 in 1998. Donated stock is carried at the fair market value at the time of the donation. The stock held by the District was liquidated during 2002. 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. In 2002 the District liquidated stock resulted in a \$ 1, 690 loss.(see note 2)

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.

2. Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following Special Revenue Fund:

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Ambulance and Emergency Medical Service Fund- This fund receives revenue from outside billing to non-residents of the District for emergency runs. This revenue is used for the payment of the costs of management, maintenance, and operation of ambulance and emergency medical services in the District.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District had the following Capital Projects Fund:

Capital Fund - This fund is to be used to pay expenditures associated with the fire station building completion.

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus encumbered 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 individual commitments are made. Pleasant Valley Joint Fire District encumbers at the time of certification through the use of then and now certificates.

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

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$217,386	\$180,185
Total deposits	217,386	180,185
Donated stock	(1,690)	10,925
Total investments	(1,690)	10,925
Total deposits and investments	\$215,696	\$191,110

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

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	\$1,398,753	\$1,414,995	\$16,242
Special Revenue	78,500	73,532	(4,968)
Capital Projects	6,641	0	(6,641)
Total	\$1,483,894	\$1,488,527	\$4,633

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,532,153	\$1,384,043	\$148,110
Special Revenue	70,000	37,796	32,204
Capital Projects	62,364	40,412	21,952
Total	\$1,664,517	\$1,462,251	\$202,266

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,362,557	\$1,392,165	\$29,608
Capital Projects	75,000	75,000	0
Total	\$1,437,557	\$1,467,165	\$29,608

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,463,445	\$1,364,706	\$98,739
Capital Projects	81,641	18,918	62,723
Total	\$1,545,086	\$1,383,624	\$161,462

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

Line of Credit	<u>Principal</u>	<u>Interest Rate</u>
	61,523	6.09%

On June 15, 2001, the District borrowed \$75,000 from the \$250,000 line of credit established at their financial institution to finance the completion of the fire station building. Payments will be made through June 15, 2008.

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

Year ending December 31:	
2003	\$13,281
2004	13,281
2005	13,281
2006	13,281
2007	13,281
2008	6,640
Total	<u><u>\$73,045</u></u>

6. 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 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.

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

6. CAPITALIZED LEASE-LESSEE DISCLOSURE (Continued)

The following is a schedule of the future minimum lease payments required under the capital lease the present value of the minimum lease payments as of December 31, 2002.

	Fire House
Year ending December 31:	
2003	\$173,575
2004	175,325
2005	176,825
2006	173,075
2007	174,325
2008-2012	876,694
2013-2017	877,950
2018-2019	349,706
Total minimum lease payments	<u>\$2,977,475</u>
Less: amount representing interest	<u>(1,152,475)</u>
Present value of minimum lease Payments	<u>\$1,825,000</u>

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

7. RETIREMENT SYSTEMS

The District's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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. Based on the negotiated union contract effective for 2001, the members of OP & F contributed 5% of their wages to OP & F while the District contributed 29% of their wages. During 2002, the District contributed an amount equal to 34% of their wages. PERS member employees contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2002. The District has paid all contributions required through December 31, 2002.

For 2002 and 2001, the District's part-time employees contributed 6.2% of their gross salaries to Social Security. The District contributed an amount equal to 6.2% of the part-time employees' gross salaries through December 31, 2002.

PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY

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

8. **RISK MANAGEMENT**

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- 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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**Auditor of State
Betty Montgomery**

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

Pleasant Valley Joint Fire District
Union County
650 West Main Street
Plain City, Ohio 43064

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Valley Joint Fire District, Union County, Ohio, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 2, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated June 2, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 2, 2003.

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Pleasant Valley Joint Fire District
Union County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, 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

June 2, 2003



**Auditor of State
Betty Montgomery**

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PLEASANT VALLEY JOINT FIRE DISTRICT

UNION 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
OCTOBER 16, 2003**