



Mary Taylor, CPA  
Auditor of State



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

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Mary Taylor, CPA  
Auditor of State

Pleasant Hill – Newton Township Joint Fire District  
Miami County  
P. O. Box 139  
Pleasant Hill, Ohio 45359

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

April 24, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Pleasant Hill – Newton Township Joint Fire District  
Miami County  
P. O. 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, 2006 and 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance of the Pleasant Hill - Newton Township Joint Fire District, Miami County, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

April 24, 2007



**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, 2006**

|   | <u>General</u>          |
|---|-------------------------|
| <b>Cash Receipts:</b>                     |                         |
| Local Taxes                               | \$107,227               |
| Intergovernmental                         | 36,100                  |
| Charges for Services                      | 28,077                  |
| Earnings on Investments                   | 310                     |
| Miscellaneous                             | <u>7,570</u>            |
| Total Cash Receipts                       | <u>179,284</u>          |
| <b>Cash Disbursements:</b>                |                         |
| Current:                                  |                         |
| General Government                        | 25,927                  |
| Public Safety                             | 17,352                  |
| Debt Service:                             |                         |
| Redemption of Principal                   | 58,640                  |
| Interest                                  | 6,108                   |
| Capital Outlay                            | <u>62,776</u>           |
| Total Disbursements                       | <u>170,803</u>          |
| Total Receipts Over/(Under) Disbursements | <u>8,481</u>            |
| Fund Cash Balance, January 1              | <u>100,058</u>          |
| <b>Fund Cash Balance, December 31</b>     | <b><u>\$108,539</u></b> |

*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, 2005**

|   | <b>General</b>   |
|---|------------------|
| <b>Cash Receipts:</b>   |                  |
| Local Taxes   | \$104,595        |
| Intergovernmental   | 15,847           |
| Charges for Services  | 9,233            |
| Earnings on Investments   | 288              |
| Miscellaneous   | 3,774            |
| Total Cash Receipts   | 133,737          |
| <b>Cash Disbursements:</b>  |                  |
| Current:  |                  |
| General Government  | 32,613           |
| Public Safety   | 17,042           |
| Debt Service:   |                  |
| Redemption of Principal   | 28,354           |
| Interest  | 4,059            |
| Capital Outlay  | 135,127          |
| Total Disbursements   | 217,195          |
| Total Receipts Over/(Under) Disbursements   | (83,458)         |
| <b>Other Financing Receipts:</b>  |                  |
| Sale of Fixed Assets  | 4,312            |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements | (79,146)         |
| Fund Cash Balance, January 1  | 179,204          |
| <b>Fund Cash Balance, December 31</b>   | <b>\$100,058</b> |

*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, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Pleasant Hill - Newton Township Joint Fire District, Miami County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. 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 the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**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 type:

**General Fund**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget each fund 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. Appropriations lapse at year end.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**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. The District did not use the encumbrance method of accounting.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**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:

|                 |             |             |
|-----------------|-------------|-------------|
|                 | <b>2006</b> | <b>2005</b> |
| Demand deposits | \$108,539   | \$100,058   |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; and collateralized by securities specifically pledged by the financial institution to the District.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

| <b>2006 Budgeted vs. Actual Receipts</b> |                          |                        |                 |
|--|--------------------------|------------------------|-----------------|
| <b>Fund Type</b>                         | <b>Budgeted Receipts</b> | <b>Actual Receipts</b> | <b>Variance</b> |
| General                                  | \$122,265                | \$179,284              | \$57,019        |

| <b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                                |                               |                 |
|--|--------------------------------|-------------------------------|-----------------|
| <b>Fund Type</b>   | <b>Appropriation Authority</b> | <b>Budgetary Expenditures</b> | <b>Variance</b> |
| General  | \$222,339                      | \$170,803                     | \$51,536        |

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| <b>2005 Budgeted vs. Actual Receipts</b> |                          |                        |                 |
|--|--------------------------|------------------------|-----------------|
| <b>Fund Type</b>                         | <b>Budgeted Receipts</b> | <b>Actual Receipts</b> | <b>Variance</b> |
| General                                  | \$123,494                | \$138,049              | \$14,555        |

  

| <b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                                |                               |                 |
|--|--------------------------------|-------------------------------|-----------------|
| <b>Fund Type</b>   | <b>Appropriation Authority</b> | <b>Budgetary Expenditures</b> | <b>Variance</b> |
| General  | \$302,733                      | \$217,195                     | \$85,538        |

**4. PROPERTY TAX**

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

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

Tangible personal property tax owners assess that property. The property owners must file a tangible property list 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**

Debt outstanding at December 31, 2006 was as follows:

|                          | <b>Principal</b> | <b>Interest Rate</b> |
|--------------------------|------------------|----------------------|
| Lease Purchase Agreement | 93,007           | 4.32%                |

The District entered into a lease purchase agreement to purchase a new pumper and equipment. The lease purchase agreement was issued on April 22, 2005 for \$180,000, maturing through April 15, 2008.

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

| <b>Year ending December 31:</b> | <b>Lease Purchase Agreement</b> |
|---------------------------------|---------------------------------|
| 2007                            | 64,825                          |
| 2008                            | 32,407                          |
| Total                           | \$97,232                        |

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**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.



# Mary Taylor, CPA

Auditor of State

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

Pleasant Hill – Newton Township Joint Fire District  
Miami County  
P. O. Box 139  
Pleasant Hill, Ohio 45359

To the Board of Trustees:

We have audited the financial statements of Pleasant Hill – Newton Township Joint Fire District, Miami County, (the District), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 24, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings as items 2006-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2006-001 is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated April 24, 2007.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 24, 2007.

We intend this report solely for the information and use of the management, and the Board of Trustees. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 24, 2007



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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2006-001**

**Material Weakness**

**Emergency Services Receipts from Medicount Management, Inc.**

The Fire District has delegated emergency services billing and collection, which is a significant accounting function of the general fund, to Medicount Management, Inc. Although the Fire District receives reports from Medicount Management documenting the residents billed and the amounts collected, the District has not established procedures to reasonably determine that emergency service transactions have been completely and accurately processed in accordance with the service contract. The District should implement procedures to reasonably assure completeness, and accuracy of emergency service transactions processed by Medicount Management, Inc. The Fire District should carefully review this information and make appropriate inquiries to help determine the integrity of the financial information. When performing such reviews, the officials' signatures or initials and the date should be affixed to the documents examined.

**Officials Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2006-002**

**Noncompliance Citation**

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

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

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

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

**FINDING NUMBER 2006-002  
(Continued)**

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

The District did not properly certify the availability of funds prior to purchase commitment for 100% of expenditures tested and the exceptions listed above were not utilized. The failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

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

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Officials Response:**

We did not receive a response from Officials to this finding.

PLEASANT HILL - NEWTON TOWNSHIP JOINT FIRE DISTRICT  
MIAMI COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|--|------------------|--|
| 2004-001       | Revised Code 5705.41(D), failure to certify the availability of funds prior to entering into purchase commitments. | No               | Repeated as Finding 2006-002   |





**Mary Taylor, CPA**  
Auditor of State

**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 5, 2007**