



**Mary Taylor, CPA**  
Auditor of State



**PLEASANT VALLEY JOINT FIRE DISTRICT  
UNION COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

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

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your District 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 adverse 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 24, 2009

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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# Mary Taylor, CPA

Auditor of State

## 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 the Pleasant Valley Joint Fire District, Union County, Ohio, (the District) as of and for the years ended December 31, 2008 and 2007. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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, 2008 and 2007 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, 2008 and 2007, 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 combined fund cash balances of the Pleasant Valley Joint Fire District, Union County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 24, 2009, 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.

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

**Mary Taylor, CPA**  
Auditor of State

August 24, 2009

**PLEASANT VALLEY JOINT FIRE DISTRICT  
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>All Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 1,710,646	\$ -	\$ -	\$ 1,710,646
Charges for Services	15,500	135,952	-	151,452
Intergovernmental	199,008	179,790	-	378,798
Earnings on Investments	30,548	-	-	30,548
Miscellaneous	33,883	-	-	33,883
	<hr/>			
Total Cash Receipts	<u>1,989,585</u>	<u>315,742</u>	<u>-</u>	<u>2,305,327</u>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Security of Persons and Property:				
General Government	1,357,930	285,437	-	1,643,367
Capital Outlay	118,086	13,013	-	131,099
Debt Service:				
Redemption of Principal	231,704	173,783	-	405,487
Interest and Other Fiscal Charges	-	-	97,323	97,323
	-	-	89,118	89,118
	<hr/>			
Total Cash Disbursements	<u>1,707,720</u>	<u>472,233</u>	<u>186,441</u>	<u>2,366,394</u>
Total Receipts Over/(Under) Disbursements	<u>281,865</u>	<u>(156,491)</u>	<u>(186,441)</u>	<u>(61,067)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In	-	-	190,000	190,000
Transfers-Out	(190,000)	-	-	(190,000)
	<hr/>			
Total Other Financing Receipts / (Disbursements)	<u>(190,000)</u>	<u>-</u>	<u>190,000</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	91,865	(156,491)	3,559	(61,067)
Fund Cash Balances, January 1	<u>1,045,468</u>	<u>241,165</u>	<u>41,418</u>	<u>1,328,051</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 1,137,333</b></u>	<u><b>\$ 84,674</b></u>	<u><b>\$ 44,977</b></u>	<u><b>\$ 1,266,984</b></u>

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

**PLEASANT VALLEY JOINT FIRE DISTRICT  
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>All Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 1,689,565	\$ -	\$ -	\$ 1,689,565
Charges for Services	15,500	131,983	-	147,483
Intergovernmental	197,509	-	-	197,509
Earnings on Investments	56,222	-	-	56,222
Miscellaneous	12,406	-	-	12,406
<b>Total Cash Receipts</b>	<b>1,971,202</b>	<b>131,983</b>	<b>-</b>	<b>2,103,185</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property:				
General Government	1,295,471	49,832	-	1,345,303
Capital Outlay	108,062	13,528	-	121,590
Debt Service:				
Redemption of Principal	27,703	-	-	27,703
Interest and Other Fiscal Charges	-	-	86,416	86,416
	-	-	92,645	92,645
<b>Total Cash Disbursements</b>	<b>1,431,236</b>	<b>63,360</b>	<b>179,061</b>	<b>1,673,657</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>539,966</b>	<b>68,623</b>	<b>(179,061)</b>	<b>429,528</b>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In	-	-	170,000	170,000
Transfers-Out	(170,000)	-	-	(170,000)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(170,000)</b>	<b>-</b>	<b>170,000</b>	<b>-</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>369,966</b>	<b>68,623</b>	<b>(9,061)</b>	<b>429,528</b>
<b>Fund Cash Balances, January 1</b>	<b>675,502</b>	<b>172,542</b>	<b>50,479</b>	<b>898,523</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,045,468</b>	<b>\$ 241,165</b>	<b>\$ 41,418</b>	<b>\$ 1,328,051</b>

*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, 2008 AND 2007**

**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 Valley Joint Fire District, Union County, Ohio (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Canaan and Darby Townships located in Madison County, and the Village of Unionville Center and Darby Townships located in Union County, and the Village of Plain City located in Madison County. The District provides fire protection and 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. Accounting Basis**

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

**C. Deposits and Investments**

The District'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 District participated in a repurchase agreement in which funds are swept overnight from the District's depository account into an investment account. The repurchase agreement balance is valued at cost.

**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 accounts for all financial resources except those required to be accounted for in another fund.

**PLEASANT VALLEY JOINT FIRE DISTRICT  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund**

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

Ambulance and Emergency Medical Fund – This fund receives revenue from billing for emergency runs. This revenue is used for the payment of emergency medical apparatus and equipment, management, EMS training, maintenance and operation of ambulance and emergency medical services for the District.

**3. Debt Service Fund**

This fund accumulates resources to pay lease payments related to the new Fire Station and all equipment purchases.

**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 the year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year

A summary of 2008 and 2007 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.

**PLEASANT VALLEY JOINT FIRE DISTRICT  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**G. 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 District 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 was as follows:

	2008	2007
Demand deposits	\$58,850	\$67,919
Total deposits	58,850	67,919
Repurchase agreement		
Total investments	1,208,134	1,260,132
Total deposits and investments	\$1,266,984	\$1,328,051

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

**Investments:** The District's financial institution transfers securities to the District's agent to collateralize repurchase agreements. The securities are not in the District's name.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,962,778	\$1,989,585	\$26,807
Special Revenue	308,790	315,742	6,952
Debt Service	190,000	190,000	0
Total	\$2,461,568	\$2,495,327	\$33,759

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,926,000	\$1,897,720	\$1,028,280
Special Revenue	540,783	472,233	68,550
Debt Service	231,000	186,441	44,559
Total	\$3,697,783	\$2,556,394	\$1,141,389

**PLEASANT VALLEY JOINT FIRE DISTRICT  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity (Continued)**

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,965,354	\$1,971,202	\$5,848
Special Revenue	146,000	131,983	(14,017)
Debt Service	170,000	170,000	0
Total	\$2,281,354	\$2,273,185	(\$8,169)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,535,000	\$1,601,236	\$933,764
Special Revenue	285,000	63,360	221,640
Debt Service	220,000	179,061	40,939
Total	\$3,040,000	\$1,843,657	\$1,196,343

**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. 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, 2008 was as follows:

	Principal	Interest Rate
Promissory Note	33,951	5.00%

On May 22, 2004 the District refinanced a promissory note and borrowed an additional \$32,000 on a new promissory note from Richwood Banking Company. The original note was issued to complete construction of the new building and the additional proceeds were used to purchase equipment. Payments will be made through June 15, 2011.

**PLEASANT VALLEY JOINT FIRE DISTRICT  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. Debt (Continued)**

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

Year ending December 31:	
2009	\$14,616
2010	14,616
2011	7,308
Total	\$36,540

**6. Capitalized Lease – Lessee Disclosure**

During 1999, Union County issued \$2,000,000 in revenue bonds for the purpose of constructing the 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 and equipment after all debt requirements has been made. The lease payments are equal to the debt service requirements the District is making to the bond trustee, US Bank. 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 future minimum lease payments required under the capital lease and present value of the minimum lease payments as of December 31, 2008.

2009	\$ 174,219
2010	173,706
2011	177,888
2012	176,456
2013	174,719
2014-18	877,831
2019	175,106
Total minimum lease payments	1,929,925
Less: Amount representing interest	(554,924)
Present value of minimum lease Payments	\$ 1,375,001

**7. Retirement Systems**

The District's certified fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**PLEASANT VALLEY JOINT FIRE DISTRICT  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. Retirement Systems (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the District contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

**8. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omission

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



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

To the Board of Trustees:

We have audited the financial statements of the Pleasant Valley Joint Fire District, Union County, Ohio, (the District) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 24, 2009, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated August 24, 2009.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 24, 2009



**Mary Taylor, CPA**  
Auditor of State

**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  
SEPTEMBER 29, 2009**