



**PLEASANT VALLEY REGIONAL SEWER DISTRICT  
ROSS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**PLEASANT VALLEY REGIONAL SEWER DISTRICT  
ROSS COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Pleasant Valley Regional Sewer District  
Ross County  
P.O. Box 1746  
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of Pleasant Valley Regional Sewer District, Ross County, Ohio, (the District) as of and for the years ended December 31, 1999 and December 31, 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the District as of December 31, 1999 and December 31, 1998, and its cash receipts and cash 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 March 22, 2000 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.

This report is intended solely for the information and use of 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**JIM PETRO**  
Auditor of State

March 22, 2000

**PLEASANT VALLEY REGIONAL SEWER DISTRICT  
ROSS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<b>1999</b>	<b>1998</b>
<b>Operating Cash Receipts:</b>		
Sewer Collections	\$556,915	\$501,717
Taps and Permits	118,150	200,911
Interest	41,449	35,101
Miscellaneous	28,557	108,872
Total Operating Cash Receipts	745,071	846,601
<b>Operating Cash Disbursements:</b>		
Utilities	41,449	43,086
Plant Expense	102,416	147,171
Payroll	140,789	119,698
Professional Fees and Services	211,127	155,549
Office Supplies and Materials	10,433	9,015
Miscellaneous	27,985	9,875
Total Operating Cash Disbursements	534,199	484,394
Excess of Operating Cash Receipts over Operating Cash Disbursements	210,872	362,207
<b>Non-Operating Cash Receipts:</b>		
Intergovernmental Receipts	30,118	24,968
Proceeds from Sale of Public Debt	190,201	163,151
Total Non-Operating Cash Receipts	220,319	188,119
<b>Non-Operating Cash Disbursements:</b>		
Debt Service	115,828	112,438
Other Non-Operating Cash Disbursements	102,741	108,598
Total Non-Operating Cash Disbursements	218,569	221,036
Excess of Cash Receipts Over Cash Disbursements	212,622	329,290
Cash Balances, January 1	1,092,330	762,834
<b>Cash Balances, December 31</b>	<b>\$1,304,952</b>	<b>\$1,092,124</b>

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

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**PLEASANT VALLEY REGIONAL SEWER DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Pleasant Valley Regional Sewer District, Ross 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 five-member Board of Trustees appointed by each of the entities with an interest in the District. The District provides sewer utility services to its clients.

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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Deposits and Investments**

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

**D. 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.

**E. Unpaid Vacation and Sick Leave**

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

**PLEASANT VALLEY REGIONAL SEWER DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**2. CASH AND INVESTMENTS**

The District invests in Certificates of deposit and STAR Ohio.

The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$313,621	\$1,074,157
Certificates of deposit	<u>17,967</u>	<u>17,967</u>
Total deposits	331,588	1,092,124
 STAR OHIO	 <u>973,364</u>	 <u>0</u>
Total deposits and investments	<u><u>\$1,304,952</u></u>	<u><u>\$1,092,124</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer Revenue Bonds	\$743,000	5%
OWDA Loan # 314SRF	210,735	4%
OWDA Loan #314SRFS	12,296	4%
OWDA Loan #389SRF	145,487	4%
OWDA Loan #427SRF	208,267	4%
OWDA Loan #472SRF	187,000	5%
Total	<u><u>\$1,506,785</u></u>	

The Sewer Revenue Bonds were for sewer construction and acquisition projects. Property and revenues of the Pleasant Valley Regional Sewer District have been pledged to repay this debt.

The Ohio Water Development Authority (OWDA) loans relate to a sewer plant expansion project. The loans are being repaid in semiannual installments over 20 years.

**PLEASANT VALLEY REGIONAL SEWER DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. DEBT (Continued)**

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

Year ending December 31:	Sewer Revenue Bonds	OWDA 314SRF &314SRFS	OWDA 389SRF &427SRF	OWDA 472SRF
2000	\$68,650	\$19,226	\$28,570	\$40,770
2001	68,150	19,226	28,570	40,770
2002	68,600	19,226	28,570	40,770
2003	68,950	19,226	28,570	40,770
2004	68,200	19,226	28,570	40,770
Subsequent	<u>823,500</u>	<u>211,486</u>	<u>371,410</u>	<u>0</u>
Total	<u>\$1,166,050</u>	<u>\$307,616</u>	<u>\$514,260</u>	<u>\$203,850</u>

**4. RETIREMENT SYSTEMS**

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The District was required to contribute an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

**5. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

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

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

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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Pleasant Valley Regional Sewer District  
Ross County  
P.O. Box 1746  
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of Pleasant Valley Regional Sewer District, Ross County, Ohio (the District ), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 22, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

### Internal Control Over Financial Reporting

In planning and performing our audits, 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 certain 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 March 22, 2000.

This report is intended for the information and use of management, 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**JIM PETRO**  
Auditor of State

March 22, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**PLEASANT VALLEY REGIONAL SEWER DISTRICT**

**ROSS 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 27, 2000**