



Mary Taylor, CPA
Auditor of State

VILLAGE OF PLEASANT HILL
MIAMI COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Pleasant Hill
Miami County
P.O. Box 557
Pleasant Hill, Ohio 45359

To the Village Council:

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 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 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 1, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Pleasant Hill
Miami County
P.O. Box 557
Pleasant Hill, Ohio 45359

To the Village Council:

We have audited the accompanying financial statements of the Village of Pleasant Hill, Miami County, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village'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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village 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 Village's larger (i.e. major) funds separately. While the Village 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 Villages to reformat their statements. The Village 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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable 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 and reserves for encumbrances of the Village of Pleasant Hill, Miami County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 June 1, 2010, on our consideration of the Village'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

June 1, 2010

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$22,087			\$22,087
Municipal Income Tax	191,435			191,435
Intergovernmental	61,412	\$64,950	\$419,150	545,512
Special Assessments	98,707	30,128		128,835
Charges for Services	2,852	26,313		29,165
Fines, Licenses and Permits	9,765			9,765
Earnings on Investments	4,840	100		4,940
Miscellaneous	923			923
Total Cash Receipts	<u>392,021</u>	<u>121,491</u>	<u>419,150</u>	<u>932,662</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	78,000	16,378		94,378
Public Health Services		21,919		21,919
Leisure Time Activities	11,400			11,400
Transportation	15,641	12,645		28,286
General Government	129,957			129,957
Debt Service:				
Principal Payment	4,296			4,296
Capital Outlay	90,600	50,800	708,800	850,200
Total Cash Disbursements	<u>329,894</u>	<u>101,742</u>	<u>708,800</u>	<u>1,140,436</u>
Total Receipts Over/(Under) Disbursements	<u>62,127</u>	<u>19,749</u>	<u>(289,650)</u>	<u>(207,774)</u>
Other Financing Receipts / (Disbursements):				
Other Debt Proceeds			289,650	289,650
Transfers In	139	2,104		2,243
Transfers Out		(4,594)		(4,594)
Total Other Financing Receipts / (Disbursements)	<u>139</u>	<u>(2,490)</u>	<u>289,650</u>	<u>287,299</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	62,266	17,259		79,525
Fund Cash Balances, January 1	<u>373,524</u>	<u>51,442</u>		<u>424,966</u>
Fund Cash Balances, December 31	<u>\$435,790</u>	<u>\$68,701</u>	<u>\$0</u>	<u>\$504,491</u>
Reserve for Encumbrances, December 31	<u>\$645</u>	<u>\$0</u>	<u>\$0</u>	<u>\$645</u>

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

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$307,354		\$307,354
Total Operating Cash Receipts	<u>307,354</u>		<u>307,354</u>
Operating Cash Disbursements:			
Personal Services	49,134		49,134
Employee Fringe Benefits	12,321		12,321
Contractual Services	142,873	\$1,215	144,088
Supplies and Materials	18,308	922	19,230
Other	4,159		4,159
Total Operating Cash Disbursements	<u>226,795</u>	<u>2,137</u>	<u>228,932</u>
Operating Income/(Loss)	<u>80,559</u>	<u>(2,137)</u>	<u>78,422</u>
Non-Operating Cash Receipts:			
Special Assessments	74,067		74,067
Earnings on Investments		21	21
Miscellaneous Receipts	466		466
Total Non-Operating Cash Receipts	<u>74,533</u>	<u>21</u>	<u>74,554</u>
Non-Operating Cash Disbursements:			
Capital Outlay	(74,735)		(74,735)
Redemption of Principal	(11,291)		(11,291)
Total Non-Operating Cash Disbursements	<u>(86,026)</u>		<u>(86,026)</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	69,066	(2,116)	66,950
Transfers In	<u>2,351</u>		<u>2,351</u>
Net Receipts Over/(Under) Disbursements	71,417	(2,116)	69,301
Fund Cash Balances, January 1	<u>362,891</u>	<u>8,198</u>	<u>371,089</u>
Fund Cash Balances, December 31	<u>\$503,374</u>	<u>\$3,966</u>	<u>\$507,340</u>

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

**VILLAGE OF PLEASANT HILL
MIAMI 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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$22,958			\$22,958
Municipal Income Tax	181,591			181,591
Intergovernmental	64,854	\$62,954	\$819,404	947,212
Special Assessments	3,054	16,789		19,843
Charges for Services	2,345	24,584		26,929
Fines, Licenses and Permits	4,628			4,628
Earnings on Investments	20,809	1,946		22,755
Miscellaneous	6,950			6,950
Total Cash Receipts	<u>307,189</u>	<u>106,273</u>	<u>819,404</u>	<u>1,232,866</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	25,000	16,228		41,228
Public Health Services		19,071		19,071
Leisure Time Activities	5,185			5,185
Community Environment	450			450
Transportation	45,571	29,421		74,992
General Government	132,795			132,795
Capital Outlay	63,844	90,027	1,021,584	1,175,455
Total Cash Disbursements	<u>272,845</u>	<u>154,747</u>	<u>1,021,584</u>	<u>1,449,176</u>
Total Receipts Over/(Under) Disbursements	<u>34,344</u>	<u>(48,474)</u>	<u>(202,180)</u>	<u>(216,310)</u>
Other Financing Receipts / (Disbursements):				
Other Debt Proceeds			202,180	202,180
Total Other Financing Receipts / (Disbursements)			<u>202,180</u>	<u>202,180</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	34,344	(48,474)		(14,130)
Fund Cash Balances, January 1	<u>339,180</u>	<u>99,916</u>		<u>439,096</u>
Fund Cash Balances, December 31	<u>\$373,524</u>	<u>\$51,442</u>	<u>\$0</u>	<u>\$424,966</u>
Reserve for Encumbrances, December 31	<u>\$316</u>	<u>\$0</u>	<u>\$0</u>	<u>\$316</u>

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

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$305,890		\$305,890
Total Operating Cash Receipts	<u>305,890</u>		<u>305,890</u>
Operating Cash Disbursements:			
Personal Services	52,724		52,724
Employee Fringe Benefits	12,864		12,864
Contractual Services	170,548	\$958	171,506
Supplies and Materials	25,198	1,917	27,115
Other	3,315		3,315
Total Operating Cash Disbursements	<u>264,649</u>	<u>2,875</u>	<u>267,524</u>
Operating Income/(Loss)	<u>41,241</u>	<u>(2,875)</u>	<u>38,366</u>
Non-Operating Cash Receipts:			
Special Assessments	63,065		63,065
Earnings on Investments		235	235
Miscellaneous Receipts	2,101		2,101
Total Non-Operating Cash Receipts	<u>65,166</u>	<u>235</u>	<u>65,401</u>
Non-Operating Cash Disbursements:			
Capital Outlay	(30,363)		(30,363)
Redemption of Principal	(21,065)		(21,065)
Total Non-Operating Cash Disbursements	<u>(51,428)</u>		<u>(51,428)</u>
Excess of Receipts Over/(Under) Disbursements	54,979	(2,640)	52,339
Fund Cash Balances, January 1	<u>307,912</u>	<u>10,838</u>	<u>318,750</u>
Fund Cash Balances, December 31	<u>\$362,891</u>	<u>\$8,198</u>	<u>\$371,089</u>
Reserve for Encumbrances, December 31	<u>\$21,898</u>	<u>\$0</u>	<u>\$21,898</u>

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

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Village of Pleasant Hill, Miami County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village, elected at large for four year terms. The Mayor is elected to a four-year term and only votes to break a tie. The Board of Public Affairs is directed by a three member Board elected at large for four year terms.

The primary government consists of all funds, departments and boards that are not legally separate from the Village. The Village provides general governmental services; water and sewer utilities, maintenance of Village roads, and park operations. The Village contracts with the Miami County Sheriff's department to provide security of persons and property.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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. Cash and Investments

The Village'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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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 Village had the following significant Special Revenue Funds:

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Permissive Motor Vehicle License Fund -This fund receives motor vehicle tax money for constructing, maintaining, and repairing Village streets.

State Highway Fund -This fund receives gasoline and motor vehicle taxes for use in constructing, maintaining, and repairing state highways within the Village.

Cemetery Fund -This fund receives money from the sale of grave plots and burials to manage the cemetery.

Street Light Fund -This fund receives proceeds from a special assessment for street lights for Village residents.

FEMA Fund – This fund received proceeds for reimbursement for expense due to the hurricane wind damages.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Ohio Public Works Commission Grant for Monument Street Construction – Phase I (W SR718) - This fund receives grant monies awarded toward the W SR718 (Monument Street Phase 1) reconstruction project.

Ohio Public Works Commission Grant for Monument Street Construction – Phase II (E SR718) - This fund receives grant monies awarded toward the E SR718 (Monument Street Phase II) reconstruction project.

Ohio Water Pollution Control – This fund receives grant money to pay engineering fees for the Waste Water Treatment Plant Project.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund - This fund receives charges for services from residents and non-resident users to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents and non-resident users to cover sewer service costs.

Refuse Fund - This fund receives charges for services from residents and non-resident users to cover the cost for this utility.

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Water Line and Tower Improvement Fund - This fund receives proceeds from a special charge to resident and non-resident users for the cost of the water tower.

Sewer Improvement Fund - This fund receives proceeds from a special charge to resident and non-resident users for the future upgrade to the wastewater treatment plant.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund is for the benefit of village residents and the Village.

Oakes Beiteman Building Fund (Expendable Trust Fund) - This fund receives interest earnings to be used for upkeep of the building.

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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2009	2008
Demand deposits	\$944,881	\$795,770
Total deposits	944,881	795,770
STAR Ohio		285
Total investments		285
Total deposits and investments	\$944,881	\$796,055

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 386,624	\$ 392,160	\$ 5,536
Special Revenue	117,987	123,595	5,608
Capital Projects	708,800	708,800	
Enterprise	380,051	384,238	4,187
Fiduciary	20	21	1
Total	\$1,593,482	\$1,608,814	\$15,332

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 677,016	\$ 330,539	\$346,477
Special Revenue	150,706	106,336	44,370
Capital Projects	708,800	708,800	
Enterprise	709,865	312,821	397,044
Fiduciary	8,200	2,137	6,063
Total	\$2,254,587	\$1,460,633	\$793,954

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 307,189	\$ 307,189	
Special Revenue	106,273	106,273	
Capital Projects	1,021,584	1,021,584	
Enterprise	371,057	371,056	(\$1)
Fiduciary	235	235	
Total	<u>\$1,806,338</u>	<u>\$1,806,337</u>	<u>(\$1)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 605,500	\$ 273,161	\$332,339
Special Revenue	192,700	154,747	37,953
Capital Projects	1,021,584	1,021,584	
Enterprise	644,500	337,975	306,525
Fiduciary	10,800	2,875	7,925
Total	<u>\$2,475,084</u>	<u>\$1,790,342</u>	<u>\$684,742</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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 February 14. If the property owner elects to pay semiannually, the first half is due February 14. The second half payment is due the following June 20.

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

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 Village.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 0.75 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$802,751	0%

The Ohio Public Works Commission (OPWC) loans relate to the following:

1. Elevated water storage tank replacement project that was mandated by the Ohio Environmental Protection Agency. The OPWC had approved up to \$421,301 in loans to the Village for the project. The loans are repaid in semiannual installments of \$10,533. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.
2. Reconstruction of the entire Monument Street within Village Limits in cooperation with ODOT. The OPWC approved up to \$491,830 in loans to the Village for the project. The loans are repaid in semiannual installments of \$12,296. During 2009, the initial year of repayment, the Village paid \$15,587 on the loans. The loans are paid out of the General Fund and Water Line and Tower Improvement Fund.

Amortization of the above debt, including interest, follows:

Year Ended December 31	OPWC Loan - Water Tank	OPWC Loan - West Monument	OPWC Loan - East Monument
2010	\$ 21,065	\$ 10,109	\$ 14,483
2011	21,065	10,109	14,483
2012	21,065	10,109	14,483
2013	21,065	10,109	14,483
2014	21,065	10,109	14,483
2015-2019	105,325	50,545	72,413
2020-2024	105,325	50,545	72,413
2025-2029		45,491	72,412
Total	\$315,975	\$197,126	\$289,653

7. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their wages in 2008 and 2009. The Village contributed an amount equal to 14 percent of participants' gross salaries in 2008 and 2009. The Village has paid all contributions required through December 31, 2009.

**VILLAGE OF PLEASANT HILL
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. SUBSEQUENT EVENTS

The Village is in the process of sending out bids for an expansion of the Waste Water Treatment Plant. The Project will cost approximately 2.1 million dollars. Zero percent loans of 2.1 million have been applied for and are expected to be granted. The project should begin in 2010 and be completed in 2011. To meet the debt requirement Sewer Line, Plant Improvement rates were increased by \$8.00 in 2010 and in 2017 they will need to be increase again by at least \$6.00.

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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*

Village of Pleasant Hill
Miami County
P.O. Box 557
Pleasant Hill, Ohio 45359

To the Village Council:

We have audited the financial statements of the Village of Pleasant Hill, Miami County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 1, 2010, wherein we noted the Village 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Village'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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 1, 2010.

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

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

June 1, 2010

VILLAGE OF PLEASANT HILL
MIAMI COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Material 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 Village can authorize the drawing of a warrant from the payment of the amount due. The Village 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 Village.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority, 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 Village 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 Village did not properly certify the availability of funds prior to purchase commitment for 19% of the expenditure items tested and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending fund and negative cash fund balances. The Village also did not establish a threshold for "blanket" certificates as required by the aforementioned section of the revised code.

**FINDING NUMBER 2009-001
(Continued)**

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 Village's funds exceeding budgetary spending limitations, the Village's Fiscal Officer should certify the availability of funds prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Village should also formerly adopt a maximum amount that a blanket certificate can be open for to help limit the use of blanket certificates and maintain control over them.

Officials Response:

We did not receive a response from the officials to this finding.

VILLAGE OF PLEASANT HILL
MIAMI COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC 5705.41(D) Prior certification of expenditures	No	Not Corrected; Repeated as finding 2009-001



Mary Taylor, CPA
Auditor of State

VILLAGE OF PLEASANT HILL

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
JULY 13, 2010