



Dave Yost • Auditor of State



VILLAGE OF PLEASANT HILL  
MIAMI COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Pleasant Hill  
Miami County  
PO Box 557  
Pleasant Hill, Ohio 45359

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Village of Pleasant Hill, Miami County, (the Village) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1.B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1. B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Pleasant Hill, Miami County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 18, 2014

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$21,720	\$6,502		\$28,222
Municipal Income Tax	169,194			169,194
Intergovernmental	76,718	54,172	\$517,375	648,265
Special Assessments	125,912	18,455		144,367
Charges for Services	1,450	20,718		22,168
Fines, Licenses and Permits	11,055			11,055
Earnings on Investments	1,360	156		1,516
Miscellaneous	4,376	17		4,393
Total Cash Receipts	<u>411,785</u>	<u>100,020</u>	<u>517,375</u>	<u>1,029,180</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	25,500	17,093		42,593
Public Health Services		21,274		21,274
Leisure Time Activities	4,485			4,485
Transportation	21,204	7,130		28,334
General Government	109,752			109,752
Capital Outlay	696	27,189	517,375	545,260
<b>Debt Service:</b>				
Redemption of Principal	27,638			27,638
Total Cash Disbursements	<u>189,275</u>	<u>72,686</u>	<u>517,375</u>	<u>779,336</u>
Excess of Receipts Over (Under) Disbursements	<u>222,510</u>	<u>27,334</u>		<u>249,844</u>
<b>Other Financing Receipts (Disbursements):</b>				
Sale of Capital Assets	10,500			10,500
Transfers In		1,009		1,009
Total Other Financing Receipts (Disbursements)	<u>10,500</u>	<u>1,009</u>		<u>11,509</u>
Net Change in Fund Cash Balances	233,010	28,343		261,353
Fund Cash Balances, January 1	<u>382,883</u>	<u>150,843</u>		<u>533,726</u>
<b>Fund Cash Balances, December 31:</b>				
Non-spendable		3,309		3,309
Restricted		175,877		175,877
Committed				
Assigned				
Unassigned (Deficit)	615,893			615,893
Fund Cash Balances, December 31	<u>\$615,893</u>	<u>\$179,186</u>	<u>\$0</u>	<u>\$795,079</u>

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

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>
	<b>Enterprise</b>	<b>Private Purpose Trust</b>	<b>(Memorandum Only)</b>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$325,195		\$325,195
Earnings on Investments (trust funds only)		\$1	1
Total Operating Cash Receipts	<u>325,195</u>	<u>1</u>	<u>325,196</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	58,574		58,574
Employee Fringe Benefits	14,857		14,857
Contractual Services	159,513		159,513
Supplies and Materials	18,225		18,225
Other	1,713	1,052	2,765
Total Operating Cash Disbursements	<u>252,882</u>	<u>1,052</u>	<u>253,934</u>
Operating Income (Loss)	<u>72,313</u>	<u>(1,051)</u>	<u>71,262</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	2,236		2,236
Special Assessments	116,684		116,684
Miscellaneous Receipts	208		208
Capital Outlay	(31,716)		(31,716)
Principal Retirement	(111,140)		(111,140)
Total Non-Operating Receipts (Disbursements)	<u>(23,728)</u>		<u>(23,728)</u>
Income (Loss) before Transfers	48,585	(1,051)	47,534
Transfers In	781		781
Transfers Out	(1,789)		(1,789)
Net Change in Fund Cash Balance	<u>(1,008)</u>		<u>(1,008)</u>
Net Change in Fund Cash Balances	<u>47,577</u>	<u>(1,051)</u>	<u>46,526</u>
Fund Cash Balances, January 1	<u>515,983</u>	<u>1,051</u>	<u>517,034</u>
Fund Cash Balances, December 31	<u><u>\$563,560</u></u>	<u><u>\$0</u></u>	<u><u>\$563,560</u></u>

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

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$21,580	\$6,424		\$28,004
Municipal Income Tax	172,360			172,360
Intergovernmental	45,953	56,415	\$701,476	803,844
Special Assessments	44,187	15,785		59,972
Charges for Services	1,619	25,240		26,859
Fines, Licenses and Permits	11,490			11,490
Earnings on Investments	1,622	152		1,774
Miscellaneous	2,306	83		2,389
Total Cash Receipts	<u>301,117</u>	<u>104,099</u>	<u>701,476</u>	<u>1,106,692</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	25,000	16,863		41,863
Public Health Services		24,102		24,102
Leisure Time Activities	3,681			3,681
Transportation	24,092	10,133		34,225
General Government	124,733			124,733
<b>Debt Service:</b>				
Redemption of Principal	22,370			22,370
Capital Outlay	102,007	50,353	834,406	986,766
Total Cash Disbursements	<u>301,883</u>	<u>101,451</u>	<u>834,406</u>	<u>1,237,740</u>
Total Receipts Over Disbursements	<u>(766)</u>	<u>2,648</u>	<u>(132,930)</u>	<u>(131,048)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
OWDA Loan Proceeds			132,930	132,930
Transfers Out		(2,079)		(2,079)
Total Other Financing Receipts/(Disbursements)		<u>(2,079)</u>	<u>132,930</u>	<u>130,851</u>
Net Change in Fund Cash Balances	(766)	569		(197)
Fund Cash Balances, January 1	<u>383,649</u>	<u>150,274</u>		<u>533,923</u>
<b>Fund Cash Balances, December 31:</b>				
Non-spendable		3,305		3,305
Restricted		147,538		147,538
Committed				
Assigned				
Unassigned (Deficit)	382,883			382,883
Fund Cash Balances, December 31	<u>\$382,883</u>	<u>\$150,843</u>	<u>\$0</u>	<u>\$533,726</u>

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

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS) - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$328,707		\$328,707
Total Operating Cash Receipts	<u>328,707</u>		<u>328,707</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	61,500		61,500
Employee Fringe Benefits	16,187		16,187
Contractual Services	161,748		161,748
Supplies and Materials	10,596	\$97	10,693
Other	3,432		3,432
Total Operating Cash Disbursements	<u>253,463</u>	<u>97</u>	<u>253,560</u>
Operating Income/(Loss)	<u>75,244</u>	<u>(97)</u>	<u>75,147</u>
<b>Non-Operating Cash Receipts:</b>			
Special Assessments	110,304		110,304
Miscellaneous Receipts	1,623		1,623
Total Non-Operating Cash Receipts	<u>111,927</u>		<u>111,927</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	(97,026)		(97,026)
Redemption of Principal	(147,293)		(147,293)
Total Non-Operating Cash Disbursements	<u>(244,319)</u>		<u>(244,319)</u>
Income (Loss) before Transfers	(57,148)	(97)	(57,245)
Transfers In	2,079		2,079
Net Change in Fund Cash Balances	<u>(55,069)</u>	<u>(97)</u>	<u>(55,166)</u>
Fund Cash Balances, January 1	<u>571,052</u>	<u>1,148</u>	<u>572,200</u>
Fund Cash Balances, December 31	<u>\$515,983</u>	<u>\$1,051</u>	<u>\$517,034</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, 2013 AND 2012**

**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 votes only to break a tie. The Village provides water and sewer utilities 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. Deposits 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:

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

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 funds:

**Ohio Public Works Commission Loan and Grant for the Hill and Maple Street Construction Fund** – This fund received grant money awarded toward the Hill and Maple Street Reconstruction Project.

**Ohio Public Works Commission Loan and Grant for the North Main Street Construction Fund** – This fund received grant money awarded toward the North Main Street Reconstruction 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 resident and non-resident users to cover water service costs.

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

**Refuse Fund** – This fund receives charges for services from resident and non-resident users to cover refuse collection costs.

**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, as well as the upgrade to the water distribution system.

**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 and system.

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Fiduciary Fund**

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 (Oakes Beiteman Building Fund) was dissolved in 2013 per court order. The remaining balance of the fund was transferred to the Pleasant Hill Newton Township History Center.

**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. 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 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Non-spendable**

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Village 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:

	<b>2013</b>	<b>2012</b>
Demand deposits	\$1,358,639	\$253,926
Certificates of deposit		614,933
Other Time Deposits		181,901
Total deposits	\$1,358,639	\$1,050,760

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

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2013 and 2012 follows:

**2013 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$354,758	\$422,285	\$67,527
Special Revenue	104,686	101,029	(3,657)
Capital Projects	517,800	517,375	(425)
Enterprise	442,551	445,104	2,553
Fiduciary	1	1	
Total	<u>\$1,419,796</u>	<u>\$1,485,794</u>	<u>\$65,998</u>

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$225,663	\$189,273	\$36,390
Special Revenue	93,560	72,685	20,875
Capital Projects	517,800	517,375	425
Enterprise	485,073	397,527	87,546
Fiduciary	1,051	1,052	(1)
Total	<u>\$1,323,147</u>	<u>\$1,177,912</u>	<u>\$145,235</u>

**2012 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$275,296	\$301,117	\$25,821
Special Revenue	108,675	104,099	(4,576)
Capital Projects	899,530	834,406	(65,124)
Enterprise	446,069	442,713	(3,356)
Fiduciary	2	0	(2)
Total	<u>\$1,729,572</u>	<u>\$1,682,335</u>	<u>(\$47,237)</u>

**2012 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$342,695	\$301,883	\$40,812
Special Revenue	132,976	103,530	29,446
Capital Projects	899,350	834,406	64,944
Enterprise	557,137	497,782	59,355
Fiduciary	1,149	97	1,052
Total	<u>\$1,933,307</u>	<u>\$1,737,698</u>	<u>\$195,609</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 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.

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. PROPERTY TAX (Continued)**

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.

Miami 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.

**6. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Water Tank Replacement Loan	\$231,715	0%
OPWC Loan- West Monument Street Reconstruction	156,690	0%
OPWC Loan- East Monument Street Reconstruction	231,724	0%
OPWC Loan- Church Street Reconstruction	92,500	0%
OPWC Loan- South Main Street Reconstruction	277,560	0%
OWDA Wastewater Treatment Plant Loan	1,311,910	0%
OWDA Sewer Extension Loan	105,668	0%
Total	<u>\$2,407,767</u>	

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

1. The elevated water storage tank replacement project 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. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. The loans are paid out of the General Fund and Water Line and Tower Improvement Fund.
2. Reconstruction of East and West Monument Street with 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. The loans are paid out of the General Fund and Water Line and Tower Improvement Fund.
3. The Village received a total of \$100,000 for the Church Street Reconstruction Project from the Ohio Public Works Commission. The loan is to be repaid in semiannual payments of \$2,500. The loans are paid out of the General Fund and Water Line and Tower Improvement Fund.

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. DEBT (Continued)**

4. The Village received a total of \$284,676 for the South Main Street Reconstruction Project from the Ohio Public Works Commission. The loan is to be repaid in semiannual payments of \$7,117. The loans are paid out of the General Fund and Water Line and Tower Improvement Fund.
5. The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,733,200 in loans to the Village for this project. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan is repaid in semiannual payments of \$37,483.
6. The second Ohio Water Development Authority (OWDA) relates to the Sewer Line Extension Project. The loan is to be repaid in annual installments in the amount of \$6,038.

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

Year Ending December 31:	OPWC Loan - Water Storage Tank	OPWC Loan - West Monument Street	OPWC Loan - East Monument Street	OPWC Loan - Church Street	OPWC Loan - South Main Street	OWDA Loan - WWTP Loan	OWDA Loan - Sewer Extension Loan
2014	\$21,065	\$10,109	\$14,483	\$5,000	\$14,234	\$74,966	\$6,038
2015	21,065	10,109	14,483	5,000	14,234	74,966	6,038
2016	21,065	10,109	14,483	5,000	14,234	74,966	6,038
2017	21,065	10,109	14,483	5,000	14,234	74,966	6,038
2018	21,065	10,109	14,483	5,000	14,234	74,966	6,038
2019-2023	105,325	50,545	72,413	25,000	71,169	374,832	30,191
2024-2028	21,065	50,545	72,413	25,000	71,169	374,832	30,191
2029-2033		5,055	14,483	17,500	64,052	187,416	15,096
Total	<u>\$231,715</u>	<u>\$156,690</u>	<u>\$231,724</u>	<u>\$92,500</u>	<u>\$277,560</u>	<u>\$1,311,910</u>	<u>\$105,668</u>

**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 prescribed the plan's retirement benefits, including postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**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.

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**9. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor 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 EVENT**

In February 2014, the Village authorized a contract with Shinn Bros., Inc. in the amount of \$1,255,000 for the North Main Street Reconstruction Project. The project will be funded with a grant as well as an interest free loan from the Ohio Public Works Commission. The project is expected to begin and be completed during 2014.



# Dave Yost • Auditor of State

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

Village of Pleasant Hill  
Miami County  
PO Box 557  
Pleasant Hill, Ohio 45359

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial of Village of Pleasant Hill, Miami County, (the Village) as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated August 18, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 described in the accompanying schedule of findings to be a material weakness.

***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, opining 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 2013-001.

***Entity's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 18, 2014

VILLAGE OF PLEASANT HILL  
MIAMI COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

**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 certificate, blanket certificates and super blanket certificates, which are provided for in the sections 5705.41(D) 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 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 or a warrant for the payment of the amount due. The Village has thirty days from 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 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 \$5,000 against any specific line item account over a period not exceeding three months or 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 contract 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. The certification is not to extend beyond the current year. More than one super blanket certificate may not 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 17.38% of expenditures tested in 2012 and 5.95% of expenditures tested in 2013 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.

**FINDING NUMBER 2013-001  
(Continued)**

The Village's Fiscal Officer should certify that funds are or will be available prior to the obligation by the Village to improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations. When prior certification is not possible, "then and now" certification may be used, if appropriate.

The Village should 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 Village should sign the certification at the time a commitment is incurred and only when the requirements of 5705.41(D) are satisfied. The Village should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Officials' Response:**

No funds were spent without Council's authorization through the Annual Appropriation Ordinance or Supplemental Appropriations adopted throughout the year. As recorded in the Council meeting minutes, Council by motion approved all expenditures at Council meetings.

**FINDING NUMBER 2013-002**

**Financial Statement Misstatements – Material Weakness**

The Village prepared its annual financial statements in accordance with accounting practices the Auditor of State prescribes or permits. The Village's Annual Financial Report for 2013 and 2012 contained errors which resulted in reclassifications and adjustments to correctly report the financial activity during and at the end of the periods as follows:

- In 2013, the Village understated restricted and non-spendable and overstated assigned fund balance in the amount of \$38,569, which represents 19.85% of the Special Revenue Fund balances.
- In 2012, the Village understated restricted and overstated assigned fund balance in the amount of \$147,538, which represents 97.81% of the Special Revenue Fund balances.
- In 2013, the Village erroneously mapped the Private Purpose Trust Fund into the General Fund. As a result, interest receipts of \$1 and leisure time activities of \$1,052, and beginning fund balance of \$1,051 were presented in the General Fund and should have been presented as part of the Private Purpose Trust Fund.
- In 2012, the Village incorrectly classified new Ohio Water Development Authority (OWDA) debt proceeds of \$132,930 as intergovernmental revenue for the Capital Projects Fund.

Finally during 2012, the Village failed to record \$35,700 in Capital Projects Fund revenues and disbursements, which represents a portion of Ohio Public Works Commission (OPWC) project on-behalf funding. The portion of OPWC money not reported was not material to the financial statements; therefore, the financial statements have not been adjusted.

The posting of receipts should be performed consistently with the instructions contained in the Village Officer's Handbook and the Uniform Accounting Network (UAN) Chart of Accounts and audit bulletins 2002-004 and 2000-008 to improve the accuracy and completeness of the Village's financial statements and provide comparative financial statements from year to year. Policies and procedures should be developed and implemented to verify that all receipts are posted and properly roll up to correct line items on the financial statements and that fund balances are properly classified.

**FINDING NUMBER 2013-002**  
**(Continued)**

**Officials' Response:**

Although, some revenues were not properly classified within the annual financial statement, the total beginning balance and total ending balance for 2012 and 2013 were correct and reflected the Village's true financial position as of those dates.

**VILLAGE OF PLEASANT HILL  
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

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>
2011-001	<b>Ohio Rev. Code Section 5705.41(D)</b> – lack of prior certification of expenditures	No	Repeated as Finding 2013-001
2011-002	<b>Ohio Rev. Code Section 2921.42(A)(1) &amp; Ohio Rev. Code Section 102.03(D)</b> – ethics and improper influence	No	No change is Board of Public Affairs members – the issue was reported to the Ethics Commission during the prior audit and will not be repeated
2011-003	<b>Financial Statement Misstatements</b> – Errors resulted in reclassifications and adjustments to correctly report the financial activity	No	Repeated as Finding 2013-002



# Dave Yost • 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  
OCTOBER 21, 2014**