



**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2005



Mary Taylor, CPA
Auditor of State

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 10, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant Valley Joint Fire District, Union County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to 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, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

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

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

July 10, 2007

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$1,672,754	\$0	\$0	\$1,672,754
Intergovernmental	188,986	0	0	188,986
Charges for Services	15,500	169,526	0	185,026
Earnings on Investments	15,221	0	0	15,221
Miscellaneous	14,738	0	0	14,738
	<u>1,907,199</u>	<u>169,526</u>	<u>0</u>	<u>2,076,725</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	1,257,584	90,735	0	1,348,319
General Government	83,927	0	0	83,927
Debt Service:				
Redemption of Principal	0	0	52,669	52,669
Interest	0	0	94,498	94,498
Capital Outlay	16,787	0	0	16,787
	<u>1,358,298</u>	<u>90,735</u>	<u>147,167</u>	<u>1,596,200</u>
Total Disbursements				
Total Receipts Over/(Under) Disbursements	<u>548,901</u>	<u>78,791</u>	<u>(147,167)</u>	<u>480,525</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	193,000	193,000
Transfers-Out	(193,000)	0	0	(193,000)
	<u>(193,000)</u>	<u>0</u>	<u>193,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>355,901</u>	<u>78,791</u>	<u>45,833</u>	<u>480,525</u>
Fund Cash Balances, January 1	<u>319,601</u>	<u>93,750</u>	<u>4,646</u>	<u>417,998</u>
Fund Cash Balances, December 31	<u><u>\$675,502</u></u>	<u><u>\$172,542</u></u>	<u><u>\$50,479</u></u>	<u><u>\$898,523</u></u>

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

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$1,358,971	\$0	\$0	\$1,358,971
Intergovernmental	165,383	0	0	165,383
Charges for Services	15,500	147,787	0	163,287
Earnings on Investments	9,960	0	0	9,960
Miscellaneous	7,639	0	0	7,639
	<u>1,557,454</u>	<u>147,787</u>	<u>0</u>	<u>1,705,241</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,181,046	216,741	0	1,397,787
General Government	88,299	0	0	88,299
Debt Service:				
Redemption of Principal	0	0	85,736	85,736
Interest	0	0	105,705	105,705
Capital Outlay	21,339	0	0	21,339
	<u>1,290,684</u>	<u>216,741</u>	<u>191,441</u>	<u>1,698,866</u>
Total Receipts Over/(Under) Disbursements	<u>266,770</u>	<u>(68,954)</u>	<u>(191,441)</u>	<u>6,375</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	193,000	193,000
Transfers-Out	(193,000)	0	0	(193,000)
	<u>(193,000)</u>	<u>0</u>	<u>193,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	73,770	(68,954)	1,559	6,375
Fund Cash Balances, January 1	<u>245,831</u>	<u>162,704</u>	<u>3,087</u>	<u>411,622</u>
Fund Cash Balances, December 31	<u>\$319,601</u>	<u>\$93,750</u>	<u>\$4,646</u>	<u>\$417,998</u>

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

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Pleasant Valley Joint Fire District, Union County, Ohio (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Canaan and Darby Townships located in Madison County, and the Village of Unionville Center and Darby Townships located in Union County, and the Village of Plain City located in Madison County. The District provides fire protection and rescue services, ambulance and EMS services within the District and by contract to areas outside the District.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

The accounting basis includes investments as assets. Accordingly, investment purchases are not recorded as disbursements, and investment sales are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The District did not purchase or sell any investments during the audit period.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

This fund account is from proceeds from special sources (other than trusts or for capital projects) restricted to expenditure for specific purposes. The District had the following Special Revenue fund:

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

3. Debt Service Fund

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

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at the year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year

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

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

2. EQUITY IN POOLED CASH

The District maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	2006	2005
Demand deposits	\$898,523	\$417,998

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

3. BUDGETARY ACTIVITY

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

Fund Type	Receipts	Receipts	Variance
General	\$2,169,601	\$1,907,199	(\$262,402)
Special Revenue	211,524	169,526	(41,998)
Debt Service	197,646	193,000	(4,646)
Total	\$2,578,771	\$2,269,725	(\$309,046)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,153,000	\$1,551,298	\$601,702
Special Revenue	211,000	90,735	\$120,265
Debt Service	197,601	147,167	\$50,434
Total	\$2,561,601	\$1,789,200	\$772,401

Fund Type	Receipts	Receipts	Variance
General	\$1,801,401	\$1,557,454	(\$243,947)
Special Revenue	280,478	147,787	(132,691)
Debt Service	196,087	193,000	(3,087)
Total	\$2,277,966	\$1,898,241	(\$379,725)

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,720,470	\$1,483,684	\$236,786
Special Revenue	259,000	216,741	\$42,259
Debt Service	195,826	191,441	\$4,385
Total	\$2,175,296	\$1,891,866	\$283,430

4. PROPERTY TAX

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

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

Tangible personal property tax owners assess that property. The property owners must file a tangible property list to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

5. DEBT

Debt outstanding at December 31, 2006 was as follows:

Promissory Note	58,247	5.00%
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On May 22, 2004 the District refinanced a promissory note and borrowed an additional \$32,000 on a new promissory note from Richwood Banking Company. The original note was issued to complete construction of the new building and the additional proceeds were used to purchase equipment. Payments will be made through June 15, 2011.

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

Year ending December 31:	
2007	\$14,616
2008	14,616
2009	14,616
2010	14,616
2011	7,308
Total	\$65,772

**PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY**

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

6. CAPITALIZED LEASE – LESEE DISCLOSURE

During 1999, Union County issued \$2,000,000 in revenue bonds for the purpose of constructing the new fire station and refinancing (current refunding) the surcharge of a fire engine and ambulance. The amount of debt refunded by the County for District obligations amounted to \$141,383. The District has entered into a capital lease with the County for the purchase of the fire station and equipment after all debt requirements has been made. The lease payments are equal to the debt service requirements the District is making to the bond trustee, US Bank. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of future minimum lease payments required under the capital lease and present value of the minimum lease payments as of December 31, 2006.

2007	\$174,325
2008	\$174,425
2009	\$174,219
2010	\$173,707
2011	\$177,888
2012-16	\$880,925
2017-19	\$523,187
Total minimum lease payments	\$2,278,676
 Less: Amount representing interest	 (738,675)
 Present value of minimum lease Payments	 <u>\$1,540,000</u>

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, members of OP&F contributed 10 percent of their wages to the OP&F. The District contributed an amount equal to 24 percent of their wages. OPERS member employees contributed 9 percent of their gross salaries. The District contributed an amount equal to 16.93 and 16.7 percent of participants' gross salaries for 2006 and 2005.

PLEASANT VALLEY JOINT FIRE DISTRICT
UNION COUNTY

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

8. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the Pleasant Valley Joint Fire District, Union County, Ohio, (the District) as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated July 10, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted a certain matter that we reported to the District's management in a separate letter dated July 10, 2007.

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Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management and Board of Trustees. It is not intended for anyone 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

July 10, 2007



Mary Taylor, CPA
Auditor of State

PLEASANT VALLEY JOINT FIRE DISTRICT

UNION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 21, 2007**