



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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VILLAGE OF PLAIN CITY  
MADISON COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017  
Fiscal Years Audited Under GAGAS: 2018 and 2017

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OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Plain City  
213 South Chillicothe Street  
Plain City, Ohio 43064

We have reviewed the *Independent Auditor's Report* of the Village of Plain City, Madison County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Plain City is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

June 12, 2019

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**VILLAGE OF PLAIN CITY**  
**MADISON COUNTY**  
*Basic Financial Statements*  
For the Fiscal Years Ended December 31, 2018 and 2017  
Table of Contents

| <u>TITLE</u>   | <u>PAGE</u> |
|--|-------------|
| Independent Auditor’s Report.....  | 1           |
| Basic Financial Statements:  |             |
| Combined Statement of Receipts, Disbursements, and<br>Changes in Fund Balances (Cash Basis) – All Governmental Fund Types<br>For the Fiscal Year Ended December 31, 2018 ..... | 3           |
| Combined Statement of Receipts, Disbursements, and Changes in<br>Fund Balances (Cash Basis) – All Proprietary Fund Types<br>For the Fiscal Year Ended December 31, 2018 .....  | 4           |
| Notes to the Basic Financial Statements<br>For the Fiscal Year Ended December 31, 2018 .....   | 5           |
| Combined Statement of Receipts, Disbursements, and<br>Changes in Fund Balances (Cash Basis) – All Governmental Fund Types<br>For the Fiscal Year Ended December 31, 2017 ..... | 13          |
| Combined Statement of Receipts, Disbursements, and Changes in<br>Fund Balances (Cash Basis) – All Proprietary Fund Types<br>For the Fiscal Year Ended December 31, 2017 .....  | 14          |
| Notes to the Basic Financial Statements<br>For the Fiscal Year Ended December 31, 2017 .....   | 15          |
| Independent Auditor’s Report on Internal Control over Financial Reporting and on<br>Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....        | 23          |
| Schedule of Findings.....  | 25          |
| Schedule of Prior Audit Findings.....  | 26          |

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**INDEPENDENT AUDITOR'S REPORT**

Village of Plain City  
Madison County  
213 South Chillicothe Street  
Plain City, Ohio 43064

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Plain City, Madison County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

***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 such 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 opinions.

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

As described in Note 2 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2018 and 2017, and the respective changes in financial position 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Plain City, Madison County as of December 31, 2018 and 2017, 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2019, 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 Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.  
Piketon, Ohio  
April 15, 2019



VILLAGE OF PLAIN CITY  
MADISON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | <u>Governmental Fund Types</u> |                            |                         |                             |                  | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Permanent</u> |   |
| <b>Cash Receipts:</b>                                 |                                |                            |                         |                             |                  |   |
| Property Taxes  | \$ 75,136                      | \$ 331,294                 | \$ 75,640               | \$ -                        | \$ -             | \$ 482,070                              |
| Municipal Income Tax                                  | 1,482,128                      | -                          | -                       | 689,500                     | -                | 2,171,628                               |
| Intergovernmental                                     | 91,650                         | 698,042                    | 10,539                  | -                           | -                | 800,231                                 |
| Charges for Services                                  | 283,307                        | 119,972                    | -                       | -                           | -                | 403,279                                 |
| Fines, Licenses, and Permits                          | 111,860                        | 47,195                     | -                       | -                           | -                | 159,055                                 |
| Earnings on Investments                               | 150,110                        | 37                         | -                       | -                           | -                | 150,147                                 |
| Miscellaneous   | 27,264                         | 44,210                     | -                       | 368,000                     | -                | 439,474                                 |
| <b>Total Cash Receipts</b>                            | <u>2,221,455</u>               | <u>1,240,750</u>           | <u>86,179</u>           | <u>1,057,500</u>            | <u>-</u>         | <u>4,605,884</u>                        |
| <b>Cash Disbursements:</b>                            |                                |                            |                         |                             |                  |   |
| Current:  |                                |                            |                         |                             |                  |   |
| Security of Persons and Property                      | -                              | 994,491                    | -                       | -                           | -                | 994,491                                 |
| Leisure Time Activities                               | -                              | 160,913                    | 1,390                   | -                           | -                | 162,303                                 |
| Basic Utility Services                                | 273,378                        | 500,000                    | -                       | -                           | -                | 773,378                                 |
| Transportation  | -                              | 382,703                    | -                       | -                           | -                | 382,703                                 |
| General Government                                    | 1,368,404                      | -                          | -                       | -                           | -                | 1,368,404                               |
| Capital Outlay  | -                              | -                          | -                       | 173,655                     | -                | 173,655                                 |
| Debt Service:   |                                |                            |                         |                             |                  |   |
| Principal Retirement                                  | -                              | -                          | 3,518,506               | -                           | -                | 3,518,506                               |
| Interest and Fiscal Charges                           | -                              | -                          | 146,258                 | -                           | -                | 146,258                                 |
| <b>Total Cash Disbursements</b>                       | <u>1,641,782</u>               | <u>2,038,107</u>           | <u>3,666,154</u>        | <u>173,655</u>              | <u>-</u>         | <u>7,519,698</u>                        |
| Excess of Receipts Over/(Under) Disbursements         | 579,673                        | (797,357)                  | (3,579,975)             | 883,845                     | -                | (2,913,814)                             |
| <b>Other Financing Receipts (Disbursements):</b>      |                                |                            |                         |                             |                  |   |
| Proceeds from Sale of Public Debt:                    |                                |                            |                         |                             |                  |   |
| Sale of Notes   | -                              | -                          | 1,055,000               | 1,903,000                   | -                | 2,958,000                               |
| Premium and Accrued Interest on Debt                  | -                              | -                          | 23,916                  | -                           | -                | 23,916                                  |
| Sale of Fixed Assets                                  | -                              | 1,788                      | -                       | -                           | -                | 1,788                                   |
| Transfers-In  | -                              | 895,345                    | 2,466,857               | -                           | -                | 3,362,202                               |
| Transfers-Out   | (903,685)                      | -                          | -                       | (2,549,119)                 | -                | (3,452,804)                             |
| <b>Total Other Financing Receipts (Disbursements)</b> | <u>(903,685)</u>               | <u>897,133</u>             | <u>3,545,773</u>        | <u>(646,119)</u>            | <u>-</u>         | <u>2,893,102</u>                        |
| Net Change in Fund Cash Balances                      | (324,012)                      | 99,776                     | (34,202)                | 237,726                     | -                | (20,712)                                |
| Fund Cash Balances, January 1                         | <u>1,991,512</u>               | <u>1,068,283</u>           | <u>119,601</u>          | <u>2,182,238</u>            | <u>5,000</u>     | <u>5,366,634</u>                        |
| <b>Fund Cash Balances, December 31</b>                |                                |                            |                         |                             |                  |   |
| Nonspendable  | -                              | -                          | -                       | -                           | 5,000            | 5,000                                   |
| Restricted  | -                              | 1,168,059                  | -                       | -                           | -                | 1,168,059                               |
| Committed   | -                              | -                          | 85,399                  | 2,419,964                   | -                | 2,505,363                               |
| Unassigned (Deficit)                                  | 1,667,500                      | -                          | -                       | -                           | -                | 1,667,500                               |
| <b>Fund Cash Balances, December 31</b>                | <u>\$ 1,667,500</u>            | <u>\$ 1,168,059</u>        | <u>\$ 85,399</u>        | <u>\$ 2,419,964</u>         | <u>\$ 5,000</u>  | <u>\$ 5,345,922</u>                     |

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

**VILLAGE OF PLAIN CITY  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | <u>Proprietary Fund Types</u> |
|---|-------------------------------|
|   | <u>Enterprise</u>             |
| <b>Operating Cash Receipts:</b>                   |                               |
| Charges for Services                              | \$ 2,390,986                  |
| Miscellaneous                                     | 43,447                        |
|   | <hr/>                         |
| Total Operating Cash Receipts                     | 2,434,433                     |
|   | <hr/>                         |
| <b>Operating Cash Disbursements:</b>              |                               |
| Personal Services                                 | 328,353                       |
| Employee Fringe Benefits                          | 134,566                       |
| Contractual Services                              | 170,895                       |
| Supplies and Materials                            | 299,508                       |
|   | <hr/>                         |
| Total Operating Cash Disbursements                | 933,322                       |
|   | <hr/>                         |
| Operating Income (Loss)                           | 1,501,111                     |
|   |                               |
| <b>Non-Operating Receipts (Disbursements)</b>     |                               |
| Sale of Notes                                     | 3,801,999                     |
| Premium and Accrued Interest on Debt              | 30,739                        |
| Capital Outlay                                    | (220,960)                     |
| Principal Retirement                              | (4,750,747)                   |
| Interest and Fiscal Charges                       | (171,581)                     |
|   | <hr/>                         |
| Total Non-Operating Cash Receipts (Disbursements) | (1,310,550)                   |
|   | <hr/>                         |
| Income (Loss) before Transfers                    | 190,561                       |
|   |                               |
| Transfers In                                      | 2,803,602                     |
| Transfers Out                                     | (2,713,000)                   |
|   | <hr/>                         |
| Net Change in Fund Cash Balances                  | 281,163                       |
|   |                               |
| Fund Cash Balances, January 1                     | 3,311,559                     |
|   | <hr/>                         |
| Fund Cash Balances, December 31                   | \$ 3,592,722                  |
|   | <hr/> <hr/>                   |

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

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of Plain City (the Village), Madison County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services including water, sewer and refuse utilities, pool and park operations and police services.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

***Street Construction Maintenance and Repair*** - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Police Fund***- This fund receives tax levy proceeds to provide Village police protection.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

***Pool Bond Retirement Fund***- This fund receives tax levy proceeds to retire the Series 2014 Swimming Pool Bonds.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Capital Funds** The funds account for capital/infrastructure needs for the Village. It is supported by a .5% income tax that was passed in May 2016 that went into effect as of July 1, 2016. Income generated supports capital needs and infrastructure improvements. A committee was established to create a schedule that was approved by Village council. The Village has the following significant Capital Funds:

**Capital Improvement/.5% Income Tax Fund-** The fund receives .5% of the general income tax for capital purchases or infrastructure improvements.

**Permanent Funds** The funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs (for benefit of the Village or its citizenry). The Village has the following significant Permanent Funds:

**Park Trust Fund-** This fund was a bequest in which the interest is received to provide for the maintenance and upkeep of the Village's park. The interest received is credited directly to the Park Special Revenue Fund.

**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 to cover the cost of providing this utility.

**Sewer Fund-** This fund receives charges for services from residents to cover the cost of providing this utility.

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or object of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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 approve estimated resources.

**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.

A summary of 2018 budgetary activity appears in Note 3.

**Deposits**

The Village's accounting basis includes deposits as assets.

**Capital Assets**

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

**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.

**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:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**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.

**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.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

*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.

*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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

| 2018 Budgeted vs. Actual Receipts |                      |                     |                      |
|-----------------------------------|----------------------|---------------------|----------------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts  | Variance             |
| General                           | \$1,953,150          | \$2,221,445         | \$268,295            |
| Special Revenue                   | 3,720,152            | 2,137,883           | (1,582,269)          |
| Debt Service                      | 3,625,772            | 3,631,952           | 6,180                |
| Capital Projects                  | 3,217,900            | 2,960,500           | (257,400)            |
| Enterprise                        | 9,499,892            | 9,070,773           | (429,119)            |
| Total                             | <u>\$22,016,866</u>  | <u>\$20,022,553</u> | <u>(\$1,994,313)</u> |

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |                    |
|---|----------------------------|---------------------------|--------------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance           |
| General   | \$2,774,516                | \$2,545,467               | \$229,049          |
| Special Revenue                                       | 3,975,822                  | 2,038,107                 | 1,937,715          |
| Debt Service  | 3,674,826                  | 3,666,154                 | 8,672              |
| Capital Projects                                      | 4,354,919                  | 2,722,774                 | 1,632,145          |
| Enterprise  | 10,632,535                 | 8,789,610                 | 1,842,925          |
| Total   | <u>\$25,412,618</u>        | <u>\$19,762,112</u>       | <u>\$5,650,506</u> |

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – 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:

|                                | 2018                |
|--------------------------------|---------------------|
| Demand deposits                | \$ 6,251,987        |
| Certificate of Deposits        | \$ 2,591,071        |
| Total Deposits                 | <u>\$ 8,843,058</u> |
| STAR Ohio                      | \$ 95,606           |
| Total Investments              | <u>\$ 95,606</u>    |
| Total Deposits and Investments | <u>\$ 8,938,664</u> |

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

**Note 5 – Taxes**

***Property Taxes***

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.

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

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

***Income Taxes***

The Village levies a municipal income tax of one 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 Reginal Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts for the year ended December 31, 2018 was \$1,482,128 and is credited to the General Fund.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefit Pension Plans**

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants who were full time police contributed 12.25% during 2018. The Village contributed 19.5% throughout 2018. For 2018, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Social Security***

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients.



**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

|                               | <u>Principal</u>          | <u>Interest Rate</u> |
|-------------------------------|---------------------------|----------------------|
| Swimming Pool Refunding Bonds | \$1,625,000               | 1.80%                |
| OWDA #4346                    | 2,113,569                 | 2.00%                |
| 2018 Note Series 1 & 2        | <u>3,380,000</u>          | 2.65%                |
| Total                         | <u><u>\$7,118,569</u></u> |                      |

The Ohio Water Development Authority (OWDA) loan relates to a cooperative agreement for the Village's Wastewater Treatment plant purchase and design improvements. The Village acquired the loan to acquire, construct, expand, rehabilitate, and improve the Municipal Wastewater Plant.

The Village issued \$2,020,000 of Series 2011 Swimming Pool Bonds to finance the construction of a swimming pool facility. During 2014, the Village issued \$1,855,000 in Series 2014 Swimming Pool Refunding Bonds to refund the remaining Series 2011 Swimming Pool Bonds. The bonds will be repaid in semiannual payments of interest and annual payments of principal over 24 years. The Village's taxing authority collateralized the bonds.

The OWDA loan #4346 relates to a water plant upgrade and expansion project. The loan will be repaid in semiannual installments of \$147,465, including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village issued \$4.6 million in bond anticipation notes for various purposes on March 13, 2017. The bond anticipation notes have a maturity date of May 15, 2018. The Village issued an additional \$6.7 million dollars on November 31, 2018. The bond anticipation notes have a maturity date of November 12, 2019. Council passed numerous Resolutions authorizing certain projects/capital purchases to be completed in 2018.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Debt (Continued)**

*Amortization*

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

| Year Ending<br>December 31: | Swimming<br>Pool Refunding<br>Bonds | OWDA<br>#4346      | 2018 PNC<br>Note Series<br>1 & 2 |
|-----------------------------|-------------------------------------|--------------------|----------------------------------|
| 2019                        | 128,230                             | 294,930            | 3,380,000                        |
| 2020                        | 127,150                             | 294,930            |                                  |
| 2021                        | 130,350                             | 294,930            |                                  |
| 2022                        | 123,400                             | 294,930            |                                  |
| 2023                        | 121,600                             | 294,930            |                                  |
| 2024-2028                   | 610,700                             | 1,032,254          |                                  |
| 2029-2033                   | 582,000                             |                    |                                  |
| 2034-2038                   | 559,500                             |                    |                                  |
| 2039-2043                   | 104,000                             |                    |                                  |
| Total                       | <u>\$2,486,930</u>                  | <u>\$2,506,904</u> | <u>\$3,380,000</u>               |

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VILLAGE OF PLAIN CITY  
MADISON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | Governmental Fund Types |                     |                   |                     |                 | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|---------------------|-------------------|---------------------|-----------------|--------------------------------|
|   | General                 | Special<br>Revenue  | Debt<br>Service   | Capital<br>Projects | Permanent       |                                |
| <b>Cash Receipts:</b>                                 |                         |                     |                   |                     |                 |                                |
| Property Taxes  | \$ 67,025               | \$ 295,691          | \$ 133,601        | \$ -                | \$ -            | \$ 496,317                     |
| Municipal Income Tax                                  | 1,431,820               | -                   | -                 | 596,759             | -               | 2,028,579                      |
| Intergovernmental                                     | 111,714                 | 222,519             | 17,555            | -                   | -               | 351,788                        |
| Charges for Services                                  | 259,682                 | 99,504              | -                 | -                   | -               | 359,186                        |
| Fines, Licenses, and Permits                          | 259,897                 | 10,500              | -                 | -                   | -               | 270,397                        |
| Earnings on Investments                               | 63,558                  | 37                  | -                 | -                   | -               | 63,595                         |
| Miscellaneous   | 11,104                  | 50,198              | -                 | 4,000               | -               | 65,302                         |
| <b>Total Cash Receipts</b>                            | <b>2,204,800</b>        | <b>678,449</b>      | <b>151,156</b>    | <b>600,759</b>      | <b>-</b>        | <b>3,635,164</b>               |
| <b>Cash Disbursements:</b>                            |                         |                     |                   |                     |                 |                                |
| Current:  |                         |                     |                   |                     |                 |                                |
| Security of Persons and Property                      | -                       | 875,351             | -                 | -                   | -               | 875,351                        |
| Leisure Time Activities                               | -                       | 148,204             | 2,499             | -                   | -               | 150,703                        |
| Basic Utility Services                                | 275,920                 | -                   | -                 | -                   | -               | 275,920                        |
| Transportation  | -                       | 465,432             | -                 | -                   | -               | 465,432                        |
| General Government                                    | 834,755                 | -                   | -                 | 14,306              | -               | 849,061                        |
| Capital Outlay  | -                       | -                   | -                 | 529,563             | -               | 529,563                        |
| Debt Service:   |                         |                     |                   |                     |                 |                                |
| Principal Retirement                                  | -                       | -                   | 60,000            | -                   | -               | 60,000                         |
| Interest and Fiscal Charges                           | -                       | -                   | 81,282            | -                   | -               | 81,282                         |
| <b>Total Cash Disbursements</b>                       | <b>1,110,675</b>        | <b>1,488,987</b>    | <b>143,781</b>    | <b>543,869</b>      | <b>-</b>        | <b>3,287,312</b>               |
| Excess of Receipts Over/(Under) Disbursements         | 1,094,125               | (810,538)           | 7,375             | 56,890              | -               | 347,852                        |
| <b>Other Financing Receipts (Disbursements):</b>      |                         |                     |                   |                     |                 |                                |
| Proceeds from Sale of Public Debt:                    |                         |                     |                   |                     |                 |                                |
| Sale of Notes   | -                       | -                   | -                 | 1,980,000           | -               | 1,980,000                      |
| Premium and Accrued Interest on Debt                  | -                       | -                   | 14,116            | -                   | -               | 14,116                         |
| Sale of Fixed Assets                                  | -                       | 10,985              | -                 | -                   | -               | 10,985                         |
| Transfers-In  | -                       | 856,791             | -                 | -                   | -               | 856,791                        |
| Transfers-Out   | (856,791)               | -                   | -                 | -                   | -               | (856,791)                      |
| <b>Total Other Financing Receipts (Disbursements)</b> | <b>(856,791)</b>        | <b>867,776</b>      | <b>14,116</b>     | <b>1,980,000</b>    | <b>-</b>        | <b>2,005,101</b>               |
| Net Change in Fund Cash Balances                      | 237,334                 | 57,238              | 21,491            | 2,036,890           | -               | 2,352,953                      |
| Fund Cash Balances, January 1                         | 1,754,178               | 1,011,045           | 98,110            | 145,348             | 5,000           | 3,013,681                      |
| <b>Fund Cash Balances, December 31</b>                |                         |                     |                   |                     |                 |                                |
| Nonspendable  | -                       | -                   | -                 | -                   | 5,000           | 5,000                          |
| Restricted  | -                       | 1,068,283           | -                 | -                   | -               | 1,068,283                      |
| Committed   | -                       | -                   | 119,601           | 2,182,238           | -               | 2,301,839                      |
| Unassigned (Deficit)                                  | 1,991,512               | -                   | -                 | -                   | -               | 1,991,512                      |
| <b>Fund Cash Balances, December 31</b>                | <b>\$ 1,991,512</b>     | <b>\$ 1,068,283</b> | <b>\$ 119,601</b> | <b>\$ 2,182,238</b> | <b>\$ 5,000</b> | <b>\$ 5,366,634</b>            |

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

**VILLAGE OF PLAIN CITY  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | <u>Proprietary Fund Types</u> |
|---|-------------------------------|
|   | <u>Enterprise</u>             |
| <b>Operating Cash Receipts:</b>                   |                               |
| Charges for Services                              | \$ 1,394,511                  |
| Miscellaneous                                     | 3,381                         |
|   | 1,397,892                     |
| Total Operating Cash Receipts                     | 1,397,892                     |
| <b>Operating Cash Disbursements:</b>              |                               |
| Personal Services                                 | 300,065                       |
| Employee Fringe Benefits                          | 124,648                       |
| Contractual Services                              | 182,015                       |
| Supplies and Materials                            | 261,881                       |
|   | 868,609                       |
| Total Operating Cash Disbursements                | 868,609                       |
| Operating Income (Loss)                           | 529,283                       |
| <b>Non-Operating Receipts (Disbursements)</b>     |                               |
| Sale of Notes                                     | 2,620,000                     |
| Premium and Accrued Interest on Debt              | 18,680                        |
| Sale of Fixed Asset                               | 6,853                         |
| Capital Outlay                                    | (491,720)                     |
| Principal Retirement                              | (237,102)                     |
| Interest and Fiscal Charges                       | (81,468)                      |
|   | 1,835,243                     |
| Total Non-Operating Cash Receipts (Disbursements) | 1,835,243                     |
| Income (Loss) before Transfers                    | 2,364,526                     |
| Net Change in Fund Cash Balances                  | 2,364,526                     |
| Fund Cash Balances, January 1                     | 947,033                       |
| Fund Cash Balances, December 31                   | \$ 3,311,559                  |

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

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Plain City (the Village), Madison County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services including water, sewer and refuse utilities, pool and park operations and police services.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

***Street Construction Maintenance and Repair*** - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Police Fund***- This fund receives tax levy proceeds to provide Village police protection.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

***Pool Bond Retirement Fund***- This fund receives tax levy proceeds to retire the Series 2014 Swimming Pool Bonds.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Capital Funds** The funds account for capital/infrastructure needs for the Village. It is supported by a .5% income tax that was passed in May 2016 that went into effect as of July 1, 2016. Income generated supports capital needs and infrastructure improvements. A committee was established to create a schedule that was approved by Village council. The Village has the following significant Capital Funds:

**Capital Improvement/.5% Income Tax Fund-** The fund receives .5% of the general income tax for capital purchases or infrastructure improvements.

**Permanent Funds** The funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs (for benefit of the Village or its citizenry). The Village has the following significant Permanent Funds:

**Park Trust Fund-** This fund was a bequest in which the interest is received to provide for the maintenance and upkeep of the Village's park. The interest received is credited directly to the Park Special Revenue Fund.

**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 to cover the cost of providing this utility.

**Sewer Fund-** This fund receives charges for services from residents to cover the cost of providing this utility.

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or object of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

**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 approve estimated resources.

**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.

A summary of 2017 budgetary activity appears in Note 3.

**Deposits**

The Village's accounting basis includes deposits as assets.

**Capital Assets**

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

**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.

**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:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**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.

**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.



**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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.

**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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

| 2017 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$2,055,727          | \$2,204,800        | \$149,073 |
| Special Revenue                   | 1,428,734            | 1,546,225          | 117,491   |
| Debt Service                      | 174,617              | 165,272            | (9,345)   |
| Capital Projects                  | 2,680,000            | 2,580,759          | (99,241)  |
| Enterprise                        | 4,029,681            | 4,043,425          | 13,744    |
| Total                             | \$10,368,759         | \$10,540,481       | \$171,722 |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$2,644,522                | \$1,967,466               | \$677,056   |
| Special Revenue                                       | 1,851,080                  | 1,488,987                 | 362,093     |
| Debt Service  | 146,917                    | 143,781                   | 3,136       |
| Capital Projects                                      | 2,735,358                  | 543,869                   | 2,191,489   |
| Enterprise  | 3,962,529                  | 1,678,899                 | 2,283,630   |
| Total   | \$11,340,406               | \$5,823,002               | \$5,517,404 |

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 4 – 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:

|                                | 2017         |
|--------------------------------|--------------|
| Demand deposits                | \$ 6,029,265 |
| Certificate of Deposits        | \$ 2,555,273 |
| Total Deposits                 | \$ 8,584,538 |
| STAR Ohio                      | \$ 93,655    |
| Total Investments              | \$ 93,655    |
| Total Deposits and Investments | \$ 8,678,193 |

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

**Note 5 – Taxes**

***Property Taxes***

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.

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

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

***Income Taxes***

The Village levies a municipal income tax of one 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 Reginal Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts for the year ended December 31, 2017 was \$1,431,820 and is credited to the General Fund.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefits Pension Plan**

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants who were full time police contributed 12.25% during 2017. The Village contributed 19.5% throughout 2017. For 2017, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 8 – Postemployment Benefits**

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

|                               | <u>Principal</u>   | <u>Interest Rate</u> |
|-------------------------------|--------------------|----------------------|
| Swimming Pool Refunding Bonds | \$1,680,000        | 1.80%                |
| OWDA #4346                    | 2,347,823          | 2.65%                |
| 2017 PNC Note                 | 4,600,000          | 3.25%                |
| Total                         | <u>\$8,627,823</u> |                      |

The Ohio Water Development Authority (OWDA) loan relates to a cooperative agreement for the Village's Wastewater Treatment plant purchase and design improvements. The Village acquired the loan to acquire, construct, expand, rehabilitate, and improve the Municipal Wastewater Plant.

The Village issued \$2,020,000 of Series 2011 Swimming Pool Bonds to finance the construction of a swimming pool facility. During 2014, the Village issued \$1,855,000 in Series 2014 Swimming Pool Refunding Bonds to refund the remaining Series 2011 Swimming Pool Bonds. The bonds will be repaid in semiannual payments of interest and annual payments of principal over 24 years. The Village's taxing authority collateralized the bonds.

The OWDA loan #4346 relates to a water plant upgrade and expansion project. The loan will be repaid in semiannual installments of \$147,465, including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village issued \$4.6 million in bond anticipation notes for various purposes on March 13, 2017. The bond anticipation notes have a maturity date of May 15, 2018. Council passed numerous Resolutions authorizing certain projects/capital purchases to be completed in 2017.

**Village of Plain City, Ohio**  
*Madison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 9 – Debt (Continued)**

*Amortization*

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

| Year Ending<br>December 31: | Swimming<br>Pool Refunding<br>Bonds | OWDA<br>#4346      | 2017 PNC<br>Note   |
|-----------------------------|-------------------------------------|--------------------|--------------------|
| 2018                        | \$124,220                           | 294,930            | 4,600,000          |
| 2019                        | 129,220                             | 294,930            | 0                  |
| 2020                        | 127,150                             | 294,930            | 0                  |
| 2021                        | 130,350                             | 294,930            | 0                  |
| 2022                        | 123,400                             | 294,930            | 0                  |
| 2023-2027                   | 614,700                             | 1,327,182          | 0                  |
| 2028-2032                   | 586,250                             | 0                  | 0                  |
| 2033-2037                   | 564,850                             | 0                  | 0                  |
| 2038-2042                   | 212,000                             | 0                  | 0                  |
| Total                       | <u>\$2,612,140</u>                  | <u>\$2,801,832</u> | <u>\$4,600,000</u> |

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

Village of Plain City  
Madison County  
213 South Chillicothe Street  
Plain City, Ohio 43064

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 statements of the cash balances, receipts, and disbursements by fund type of the Village of Plain City, Madison County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated April 15, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

***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 2018-001.

***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 report is not suitable for any other purpose.

Handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
April 15, 2019



**Village of Plain City  
Madison County  
Schedule of Findings  
December 31, 2018 and 2017**

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**1. SUMMARY OF AUDITOR'S RESULTS**

**FINDING NUMBER 2018-001**

**Transfer of Funds – Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.14** provides, in part, that interfund transfers shall only be made by resolution of the taxing authority. See also 1989 Op. Att’y Gen. No. 89-075 (Ohio Rev. Code § 5705.14(E) has been interpreted to require a resolution passed by a simple majority when transferring funds from the general revenue fund to specific funds.)

The Village Council did not approve transfers made from their Capital Projects fund during 2018.

Failure to receive the proper approval could result in unauthorized transfers.

We recommend the Village Council approve all transfers from the General Fund to the specific Special Revenue funds by a simple majority vote.

The Village should have in place, a monitoring system over recording receipts and disbursements to help prevent and detect material misstatements on the Village's financial statements. The monitoring system should include a self-review of Auditor of State Bulletins and externally imposed restrictions established through legislation by the State and Federal Government.

**Officials’ Response:** We did not receive a response to this finding.

**FINDING NUMBER 2018-002**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material misstatements were identified during the course of the audit which have not been prevented or detected by the Village’s internal controls over financial reporting. Misstatements were identified in the following areas:

- Earnings on Investment revenue
- Charges for Services

All of the above noted adjustments have been posted to the Village’s financial statements and accounting system.

We recommend the Village's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year.

**Officials’ Response:** We did not receive a response to this finding.

**Village of Plain City  
Madison County  
Schedule of Prior Audit Findings  
December 31, 2018 and 2017**

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| <b>Finding Number</b> | <b>Finding Summary</b>                                 | <b>Fully Corrected?</b> | <b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b> |
|-----------------------|--|-------------------------|--|
| 2016-001              | Transfer of Fund – Noncompliance and Material Weakness | No                      | Reissued as Finding 2018-001   |
| 2016-002              | Expensitures Exceed Appropriation - Noncompliance      | Yes                     |  |
| 2016-003              | Financial Reporting – Material Weakness                | No                      | Reissued as Finding 2018-002   |
| 2016-004              | Budgetary Posting – Material Weakness                  | Yes                     |  |

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF PLAIN CITY**

**MADISON COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 25, 2019**