



Mary Taylor, CPA
Auditor of State

VILLAGE OF PLEASANT PLAIN
WARREN COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Pleasant Plain
Warren County
10092 State Route 132
Pleasant Plain, Ohio 45162

To the Village Council:

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 27, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Pleasant Plain
Warren County
10092 State Route 132
Pleasant Plain, Ohio 45162

To the Village Council:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 Village 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 the Village of Pleasant Plain, Warren 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 Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

November 27, 2007

**VILLAGE OF PLEASANT PLAIN
WARREN 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Local Taxes	\$2,657	\$0	\$2,657
Intergovernmental	4,561	7,974	12,535
Earnings on Investments	497	225	722
Miscellaneous	1,129	0	1,129
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	8,844	8,199	17,043
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons & Property	1,758	0	1,758
Public Health Services	25	0	25
Leisure Time Activities	0	650	650
Basic Utility Services	649	0	649
Transportation	0	1,879	1,879
General Government	10,067	0	10,067
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	12,499	2,529	15,028
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(3,655)	5,670	2,015
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, January 1	24,362	33,765	58,127
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	<u>\$20,707</u>	<u>\$39,435</u>	<u>\$60,142</u>

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

**VILLAGE OF PLEASANT PLAIN
WARREN 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$2,391	\$0	\$0	\$2,391
Intergovernmental	4,137	7,777	0	11,914
Earnings on Investments	411	191	0	602
Miscellaneous	2,570	0	0	2,570
Total Cash Receipts	9,509	7,968	0	17,477
Cash Disbursements:				
Current:				
Security of Persons and Property	1,620	0	0	1,620
Public Health Services	46	0	0	46
Leisure Time Activities	0	565	0	565
Basic Utility Services	1,059	0	0	1,059
Transportation	0	240	0	240
General Government	17,098	0	39	17,137
Total Cash Disbursements	19,823	805	39	20,667
Total Receipts Over/(Under) Disbursements	(10,314)	7,163	(39)	(3,190)
Fund Cash Balance, January 1	34,676	26,602	39	61,317
Fund Cash Balance, December 31	\$24,362	\$33,765	\$0	\$58,127

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

**VILLAGE OF PLEASANT PLAIN
WARREN 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 Village of Pleasant Plain, Warren County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street maintenance and repair. The Village contracts with the Warren County Sheriff's department to provide security of persons and property. Harlan Township provides fire protection services.

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

B. Accounting Basis

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit, at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

3. Capital Project Fund

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

Sidewalk Fund - This fund received proceeds from the State of Ohio. The proceeds were used to construct sidewalks. The only activity in this fund during the audit period was to move the few remaining funds to the general fund since the project was complete, per prior audit advice.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are 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 Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

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

2. Equity in Pooled Cash

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

	2006	2005
Demand deposits	\$48,765	\$47,104
Certificates of deposit	11,377	11,023
Total deposits	\$60,142	\$58,127

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

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

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,196	\$8,844	(\$1,352)
Special Revenue	8,163	8,199	36
Total	\$18,359	\$17,043	(\$1,316)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,090	\$12,499	\$9,591
Special Revenue	9,500	2,529	6,971
Total	\$31,590	\$15,028	\$16,562

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,098	\$9,509	\$411
Special Revenue	8,214	7,968	(246)
Capital Projects	0	0	0
Total	\$17,312	\$17,477	\$165

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$25,111	\$19,823	\$5,288
Special Revenue	8,200	805	7,395
Capital Projects	0	39	(39)
Total	\$33,311	\$20,667	\$12,644

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

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

3. Budgetary Activity (Continued)

Contrary to Ohio law:

- the Village did not certify funds to the county auditor, or obtain approved amendments to estimated resources or appropriations resulting in disbursements exceeding appropriations;
- the Village did not authorize the necessary rates by October 1; and
- the Village did not obtain a certificate of total amounts available from all sources.

4. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

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

Village of Pleasant Plain
Warren County
10092 State Route 132
Pleasant Plain, Ohio 45162

To the Village Council:

We have audited the financial statements of the Village of Pleasant Plain, Warren County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated November 27, 2007 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A 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 Village'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 Village'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 Village'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 certain matters that we reported to the Village's management in a separate letter dated November 27, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 27, 2007.

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



Mary Taylor, CPA
Auditor of State

November 27, 2007

VILLAGE OF PLEASANT PLAIN
WARREN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

Noncompliance Citation

Ohio Rev. Code, Chapter 5705, prescribes budgetary laws for the Village. The Village did not comply with the following sections of the code:

- A. Ohio Rev. Code, Section 5705.34**, requires each taxing authority to pass an ordinance or resolution to authorize the necessary tax levies and certify the levies to the county auditor before October 1 each year. The Village did not authorize the necessary rates and certify them to the County Auditor for either year. Failure to authorize the necessary rates and certify them to the county auditor before the required date could result in a delay in receiving funding from the county. We recommend Village management take steps to ensure the necessary rates are authorized and certified to the County Auditor by the required date.
- B. Ohio Rev. Code, Section 5705.36(A)(1)**, requires the Village to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year on or about the first day of each fiscal year. The Village did not certify the total amount from all sources available for expenditures for 2005 and 2006, or the balances that existed at the end of 2005 and 2006. Failure to certify the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year could result in a delay of funding from the County. We recommend the Village complete and submit to the county auditor on or about the first day of the fiscal year a Certificate of the Total Amount from All Sources Available for Expenditures, and Balances.
- C. Ohio Rev. Code, Section 5705.36(A)(2)**, provides that upon the determination by a fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in the official certificate, the fiscal officer may certify the amount of the deficiency or excess to the budget commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess. The Village made amendments to estimated resources in the receipt ledger; however, these were not submitted to the budget commission in order to obtain an amended certificate. The Village has disclosed budgeted receipts without these amendments in the accompanying notes to the financial statements.
- D. Ohio Rev. Code, Section 5705.39**, states that no appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. The Village did not properly submit appropriation measures to the County Auditor for certification in 2006 and 2005, and, thus, the Village did not receive the "Certificate that Total Appropriations from Each Fund Do Not Exceed the Total Official Certificate or Amended Official Estimate" for 2006 and for 2005. Failure to do this could result in the Village expending more money than they appropriated and exceeding estimated revenues. We recommend that the Village have all appropriations and supplemental appropriations approved by the Council and certified by the County Auditor.

**FINDING NUMBER 2006-001
(Continued)**

- E. Ohio Rev. Code, Section 5705.40**, provides that any appropriation ordinance or measure may be amended or supplemented provided that such amendment or supplement shall comply with all provisions of the law governing the taxing authority in making an original appropriation. Amended appropriations in the appropriation ledger were not approved in the minutes or submitted to the County Auditor for certification. As a result, some expenditures exceeded appropriations at the legal level of control during the audit period. The appropriations, as stated in the accompanying budgetary note to the financial statements, include only appropriation amounts council approved. We recommend the Village Council approve all appropriation amendments in the minutes.
- F. Ohio Rev. Code, Section 5705.41(B)**, prohibits a subdivision from making an expenditure unless it has been properly appropriated. The Village Council did not approve or file supplemental appropriations with the County Auditor during the audit period therefore, expenditures exceeded appropriations at the legal level of control. In 2005, the general fund had 9 line items totaling a variance of \$2,369 and the SCMR fund had 1 line item totaling \$240. In 2006, the general fund had 3 line items totaling a variance of \$326.

Failure of the Village to approve and file appropriations does not allow for the Village officials to monitor its budgetary position. In addition, failure of the Village to monitor budgetary activity can result in overspending and negative fund balances. We recommend the Clerk deny any payments until the legislative authority has passed the necessary changes to the appropriation measure. The management of the Village should monitor the Village's budgetary receipts and expenditures by having the clerk provide budgetary reports at least quarterly to be reviewed and approved by Council. By regularly monitoring its budgetary position throughout the year, the Village will be better able to determine when amendments need to be made to original budgeted receipts thus avoiding negative fund/account code balances, and will be better prepared for making decisions which effect the overall cash position of the Village.

Officials' Response:

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

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 & 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Material Weakness – controls over disbursements	Yes	
2004-002	Reportable Condition - ORC 5705.41 (D) – failure to properly encumber	Yes	
2004-003	Reportable Condition/ Noncompliance over Budgetary	no	Repeat as Finding 2006-001



Mary Taylor, CPA
Auditor of State

VILLAGE OF PLEASANT PLAIN

WARREN 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
DECEMBER 11, 2007