



**VILLAGE OF PLAINFIELD
COSHOCOTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF PLAINFIELD
COSHOCTON COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Plainfield
Coshocton County
P.O. Box 434
Plainfield, Ohio 43836

To the Village Council:

We have audited the accompanying financial statements of the Village of Plainfield, Coshocton County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 14, 2001

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**VILLAGE OF PLAINFIELD
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$9,022	\$4,532	\$13,554
Earnings on Investments	3,850	1,973	5,823
Miscellaneous	277		277
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	13,149	6,505	19,654
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	1,906		1,906
Public Health Services	105		105
Leisure Time Activities	2,278		2,278
General Government	6,062		6,062
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	10,351	0	10,351
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	2,798	6,505	9,303
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	71,172	38,994	110,166
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$73,970</u>	<u>\$45,499</u>	<u>\$119,469</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF PLAINFIELD
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Intergovernmental	\$9,562	\$4,617	\$14,179
Earnings on Investments	2,956	1,751	4,707
Miscellaneous	28		28
Total Cash Receipts	<u>12,546</u>	<u>6,368</u>	<u>18,914</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	2,188		2,188
Leisure Time Activities	1,767		1,767
General Government	5,428		5,428
Capital Outlay	31,235		31,235
Total Cash Disbursements	<u>40,618</u>	<u>0</u>	<u>40,618</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(28,072)</u>	<u>6,368</u>	<u>(21,704)</u>
Fund Cash Balances, January 1	<u>99,244</u>	<u>32,626</u>	<u>131,870</u>
Fund Cash Balances, December 31	<u>\$71,172</u>	<u>\$38,994</u>	<u>\$110,166</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF PLAINFIELD
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Plainfield, Coshocton County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including road maintenance and repairs and park operations (leisure time activities).

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash

Certificates of deposit are valued 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from 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 PLAINFIELD
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting during 1999; however, the Village did implement the encumbrance method of accounting in 2000. At both year ends, the Village had no significant outstanding encumbrances.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$23,654	\$19,458
Certificates of deposit	95,815	90,708
Total deposits	<u>\$119,469</u>	<u>\$110,166</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF PLAINFIELD
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH (Continued)

During 2000 and 1999, the Village invested in a certificate of deposit for a term of two years, contrary to Ohio Rev. Code Section 135.13(A). In addition, the Village did not distribute interest earned on the certificate of deposit to the Street Construction Maintenance and Repair and State Highway Funds of the Village as required by Ohio Constitution, Article XII, Section 5a.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 11,173	\$ 13,149	\$ 1,976
Special Revenue	4,320	6,505	2,185
Total	<u>\$ 15,493</u>	<u>\$ 19,654</u>	<u>\$ 4,161</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 25,620	\$ 10,351	\$ 15,269
Special Revenue	12,440	0	12,440
Total	<u>\$ 38,060</u>	<u>\$ 10,351</u>	<u>\$ 27,709</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 11,000	\$ 12,546	\$ 1,546
Special Revenue	4,300	6,368	2,068
Total	<u>\$ 15,300</u>	<u>\$ 18,914</u>	<u>\$ 3,614</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 72,645	\$ 40,618	\$ 32,027
Special Revenue	32,700	0	32,700
Total	<u>\$ 105,345</u>	<u>\$ 40,618</u>	<u>\$ 64,727</u>

**VILLAGE OF PLAINFIELD
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

For both 2000 and 1999, the Village did not use the encumbrance method of accounting as required by Ohio Admin. Code Section 117-5-11. No significant outstanding encumbrances existed at either year end. During 2000 and 1999, certain expenditures were not certified by the Clerk-Treasurer prior to incurring the obligation, contrary to Ohio Rev. Code Section 5705.41(D). In addition, the Village entered into a contract in the amount of \$30,188, for paving and improving a street without awarding the contract through proper competitive bidding, as required by Ohio Rev. Code Section 735.14.

4. PROPERTY TAX

The Coshocton County Budget Commission has withheld the Village's property tax revenue primarily due to an inheritance tax received several years ago. The inheritance tax has contributed to a cash balance in the General Fund which has been three times the General Fund annual disbursements. No other taxing entity is entitled to the Village's inside millage. The Village currently has one mill available.

5. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% and 13.55% for 2000 and 1999, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Commercial property
- Commercial Inland Marine



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111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Plainfield
Coshocton County
P.O. Box 434
Plainfield, Ohio 43836

To the Village Council:

We have audited the accompanying financial statements of the Village of Plainfield, Coshocton County, Ohio (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 14, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-31016-001 through 2000-31016-005.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 14, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 14, 2001.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 14, 2001

VILLAGE OF PLAINFIELD
COSHOCTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

MATERIAL NONCOMPLIANCE

FINDING NUMBER 2000-31016-001

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Clerk-Treasurer may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid.

During 1999, 100% of the expenditures tested were not certified by the Clerk-Treasurer prior to incurring the obligation. During 2000, 13% of the expenditures tested were not certified by the Clerk-Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The Village should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). As deemed appropriate, the Village should implement the use of "Then and Now" certificates as alternative means of certifying funds.

FINDING NUMBER 2000-31016-002

Ohio Rev. Code Section 735.14 establishes guidelines for the bidding and awarding of purchases, projects and contracts exceeding \$15,000.

The Village entered into a contract in the amount of \$30,188, for paving and improving a street without awarding the contract through proper competitive bidding. The Village should follow proper competitive bidding procedures for purchases, projects and contracts exceeding \$15,000.

**MATERIAL NONCOMPLIANCE
 (Continued)**

FINDING NUMBER 2000-31016-003

Ohio Admin. Code Section 117-5-11 requires that each encumbrance be charged against an appropriation account reducing the unencumbered balance appropriated for the account. This Section also requires that appropriate columns be totaled and reconciled with the Cash Journal on a monthly basis. By not following the encumbrance method of accounting, and not reconciling the cashbook postings to the appropriation and receipt ledgers, the Village's records could contain mis-postings or errors without being detected. The Village could also overspend its appropriations within a specific line item without being detected.

For 1999, the Village did not properly use the encumbrance method of accounting or maintain total Receipts and Appropriations Ledger columns monthly as required by this Section. The Clerk-Treasurer should post encumbrances to the Village's ledgers, total ledger columns monthly, and reconcile the ledgers to the Cash Journal which will enable management to effectively monitor spending and assist the Village with budget management decisions.

FINDING NUMBER 2000-31016-004

Ohio Constitution, Article XII, Section 5a, states that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.

The Clerk-Treasurer made investments of pooled cash from various funds, including the Street Construction Maintenance and Repair and State Highway Improvement Fund and did not distribute the interest earned in accordance with the above requirements. The Village should have allocated the following amounts based on the percentage of respective fund balances at year-end:

<u>Funds Entitled to Interest</u>	<u>2000</u>	<u>1999</u>	<u>Total</u>
General Fund	\$3,850	\$2,956	\$6,806
Street Construction Maintenance and Repair Fund	1,712	1,522	3,234
State Highway Improvement Fund	<u>261</u>	<u>229</u>	<u>490</u>
Total:	<u>\$5,823</u>	<u>\$4,707</u>	<u>\$10,530</u>

As a result of the misallocation, revenues were overstated in the General Fund and understated in the Street Construction Maintenance and Repair Fund and State Highway Improvement Fund. The Village should apportion interest earnings to these funds based on a reasonable determination of its share of the investment pool.

In accordance with the foregoing facts, and pursuant to Ohio Constitution, Article XII, Section 5a, Findings for Adjustment for improperly allocating interest are hereby issued against the General Fund and in favor of the Street Maintenance and Repair Fund and State Highway Improvement Fund.

**MATERIAL NONCOMPLIANCE
(Continued)**

FINDING NUMBER 2000-31016-005

Ohio Rev. Code Section 135.13(A) states in part that interim deposits shall be evidenced by time certificates of deposit maturing not more than one year from the date of deposit.

The Village's certificate of deposit has a term of two years. The Village should limit interim deposits to maturities of one year or less.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF PLAINFIELD

COSHOCTON 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 19, 2001**