



**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF PLEASANT PLAIN
WARREN COUNTY

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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, 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 of the Village of Pleasant Plain, Warren County, Ohio, 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 23, 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, the 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 23, 2001

**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, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$2,084	\$924	\$0	\$3,008
Intergovernmental Receipts	5,565	6,849	0	12,414
Earnings on Investments	2,727	480	653	3,860
Miscellaneous	2,174	0	0	2,174
Total Cash Receipts	<u>12,550</u>	<u>8,253</u>	<u>653</u>	<u>21,456</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,520	0	0	1,520
Public Health Services	53	0	0	53
Leisure Time Activities	0	0	0	0
Basic Utility Services	447	0	0	447
Transportation	0	3,397	0	3,397
General Government	9,225	0	0	9,225
Capital Outlay	3,094	0	51,016	54,110
Total Disbursements	<u>14,339</u>	<u>3,397</u>	<u>51,016</u>	<u>68,752</u>
Total Receipts Over/(Under) Disbursements	<u>(1,789)</u>	<u>4,856</u>	<u>(50,363)</u>	<u>(47,296)</u>
Fund cash balances, January 1	<u>67,708</u>	<u>19,673</u>	<u>50,402</u>	<u>137,783</u>
Fund Cash Balances, December 31	<u>\$65,919</u>	<u>\$24,529</u>	<u>\$39</u>	<u>\$90,487</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, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$2,057	\$3,882	\$0	\$5,939
Intergovernmental Receipts	6,986	4,661	50,000	61,647
Earnings on Investments	2,511	359	402	3,272
Miscellaneous	186	0	0	186
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	11,740	8,902	50,402	71,044
Cash Disbursements:				
Current:				
Security of Persons and Property	1,752	1,009	0	2,761
Public Health Services	167	0	0	167
Basic Utility Services	2,390	0	0	2,390
Transportation		5,500	0	5,500
General Government	13,412	0	0	13,412
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	17,721	6,509	0	24,230
Total Receipts Over/(Under) Disbursements	<hr/> (5,981)	<hr/> 2,393	<hr/> 50,402	<hr/> 46,814
Fund cash balances, January 1	<hr/> 73,689	<hr/> 17,280	<hr/> 0	<hr/> 90,969
Fund Cash Balances, December 31	<u><u>\$67,708</u></u>	<u><u>\$19,673</u></u>	<u><u>\$50,402</u></u>	<u><u>\$137,783</u></u>

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, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Pleasant Plain, Warren County, Ohio (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 street maintenance and repair.

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 and Deposits

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 Fund

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 Funds:

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

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing state highway.

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant Capital Project Fund:

Sidewalk Fund - This fund received proceeds from the State of Ohio. The proceeds are being used to construct sidewalks.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. However, there were no material encumbrances outstanding at December 31, 2000 and 1999.

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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH

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

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

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

2. EQUITY IN POOLED CASH (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 80,890	\$ 128,429
Certificates of deposit	9,597	9,354
	<u> </u>	<u> </u>
Total deposits	<u>\$ 90,487</u>	<u>\$ 137,783</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.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 10,611	\$ 12,550	\$ 1,939
Special Revenue	0	8,253	8,253
Capital Projects	0	653	653
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 10,611</u>	<u>\$ 21,456</u>	<u>\$ 10,845</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 17,630	\$ 14,339	\$ 3,291
Special Revenue	26,180	3,397	22,783
Capital Projects	54,500	51,016	3,484
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 98,310</u>	<u>\$ 68,752</u>	<u>\$ 29,558</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 13,732	\$ 11,740	\$ (1,992)
Special Revenue	5,700	8,902	3,202
Capital Projects	0	50,402	50,402
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 19,432</u>	<u>\$ 71,044</u>	<u>\$ 51,612</u>

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 41,260	\$ 17,721	\$ 23,539
Special Revenue	5,050	6,509	(1,459)
Capital Projects	0	0	0
Total	\$ 46,310	\$ 24,230	\$ 22,080

Contrary to the Ohio Revised Code, expenditures exceeded appropriations in the Street Construction Maintenance and Repair Fund (Special Revenue) in 1999.

Contrary to the Ohio Revised Code, appropriations exceeded estimated resources in the Street Construction, Maintenance and Repair Fund (Special Revenue) in 2000.

4. PROPERTY TAX

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

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

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- General liability and casualty
- Public official's liability



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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 accompanying financial statements of the Village of Pleasant Plain, Warren County, Ohio, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 23, 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 2000-30483-01 through 2000-30483-03. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 23, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely effect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-30483-01 through 2000-30483-03.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Village of Pleasant Plain
Warren County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
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We also 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 23, 2001.

This report is intended for the information and use of management and the 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 23, 2001

**PLEASANT PLAIN
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 and 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-30483-001

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), states that:

No subdivision or taxing unit shall 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 obligation... has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This Section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize both at the time of the contract or order and at the time of the certificate, 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.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Thirty six percent of the expenditures that were tested were not properly certified or encumbered prior to incurring the obligation. The Village should certify the availability of funds before incurring obligations. The Village should also issue purchase orders and encumber appropriations for obligations. Failure to properly certify funds could result in overspending of Village funds. This citation is repeated from the previous audit.

FINDING NUMBER 2000-304830-002

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41 (B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. During 1999, the Village's expenditures of \$6,509 exceeded appropriations of \$5,050 by \$1,459 in the Street, Construction, Maintenance Fund. Failure to limit expenditures to the amount appropriated could result in expenditure commitments exceeding resources available.

FINDING NUMBER 2000-304830-003

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.39, requires that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. During 2000, appropriations of \$26,180 exceeded the estimated revenues of \$0 in the Street, Construction, Maintenance Fund by \$26,180.



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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
JUNE 19, 2001**