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Certified Public Accountants, A.C.

**VILLAGE OF PLAIN CITY
MADISON COUNTY
Regular Audit**

For the Years Ended December 31, 2014 and 2013

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

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 Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 2, 2015

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VILLAGE OF PLAIN CITY
MADISON COUNTY

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INDEPENDENT AUDITOR'S REPORT

August 14, 2015

Village of Plain City
Madison County
213 South Chillicothe St.
Plain City, OH 43064

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Plain City**, Madison County (the Village) as of and for the years ended December 31, 2014 and 2013.

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 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 opinion.



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

As described in Note 1B 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, 2014 and 2013, or changes in financial position or cash flows 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 combined cash balances of the Village of Plain City, Madison County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2015, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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, 2014**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 65,011	\$ 307,752	\$ 139,774	\$ -	\$ 512,537
Municipal Income Tax	1,240,186	-	-	-	1,240,186
Intergovernmental	98,164	208,415	21,190	-	327,769
Charges for Services	232,928	44,445	-	-	277,373
Fines, Licenses and Permits	48,243	5,500	-	-	53,743
Earnings on Investments	6,365	75	-	-	6,440
Miscellaneous	22,379	13,760	-	-	36,139
<i>Total Cash Receipts</i>	<u>1,713,276</u>	<u>579,947</u>	<u>160,964</u>	<u>-</u>	<u>2,454,187</u>
Cash Disbursements					
Current:					
Security of Persons and Property	413,567	307,771	-	-	721,338
Leisure Time Activities	-	48,252	-	-	48,252
Basic Utility Services	279,857	-	-	-	279,857
Transportation	-	215,726	-	-	215,726
General Government	641,804	-	-	-	641,804
Debt Service:					
Principal Retirement	-	-	1,940,000	-	1,940,000
Interest and Fiscal Charges	-	-	152,976	-	152,976
<i>Total Cash Disbursements</i>	<u>1,335,228</u>	<u>571,749</u>	<u>2,092,976</u>	<u>-</u>	<u>3,999,953</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>378,048</u>	<u>8,198</u>	<u>(1,932,012)</u>	<u>-</u>	<u>(1,545,766)</u>
Other Financing Sources					
Sale of Bonds	-	-	1,855,000	-	1,855,000
Premium on Debt	-	-	91,172	-	91,172
Sale of Fixed Assets	-	43,431	-	-	43,431
<i>Total Other Financing Sources</i>	<u>-</u>	<u>43,431</u>	<u>1,946,172</u>	<u>-</u>	<u>1,989,603</u>
<i>Net Change in Fund Cash Balances</i>	<u>378,048</u>	<u>51,629</u>	<u>14,160</u>	<u>-</u>	<u>443,837</u>
<i>Fund Cash Balances, January 1</i>	<u>1,474,959</u>	<u>490,702</u>	<u>17,923</u>	<u>5,000</u>	<u>1,988,584</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	5,000	5,000
Restricted	-	384,848	32,083	-	416,931
Committed	-	157,483	-	-	157,483
Unassigned	1,853,007	-	-	-	1,853,007
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,853,007</u>	<u>\$ 542,331</u>	<u>\$ 32,083</u>	<u>\$ 5,000</u>	<u>\$ 2,432,421</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)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 1,156,326
Miscellaneous	<u>47,424</u>
Total Operating Cash Receipts	<u>1,203,750</u>
Operating Cash Disbursements:	
Personal Services	260,730
Employee Fringe Benefits	99,427
Contractual Services	138,362
Supplies and Materials	<u>288,571</u>
Total Operating Cash Disbursements	<u>787,090</u>
Operating Income	<u>416,660</u>
Non-Operating Cash (Disbursements):	
Capital Outlay	(254,808)
Principal Retirement	(271,095)
Interest and Other Fiscal Charges	<u>(91,901)</u>
Total Non-Operating Cash (Disbursements)	<u>(617,804)</u>
Net Change in Fund Cash Balances	(201,144)
Fund Cash Balances, January 1	<u>884,967</u>
Fund Cash Balances, December 31	<u>\$ 683,823</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 GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 66,452	\$ 314,757	\$ 140,329	\$ -	\$ 521,538
Municipal Income Tax	1,148,567	-	-	-	1,148,567
Intergovernmental	168,001	204,176	20,426	-	392,603
Charges for Services	253,475	39,363	-	-	292,838
Fines, Licenses and Permits	69,268	8,900	-	-	78,168
Earnings on Investments	8,068	68	-	-	8,136
Miscellaneous	26,414	21,170	-	-	47,584
<i>Total Cash Receipts</i>	<u>1,740,245</u>	<u>588,434</u>	<u>160,755</u>	<u>-</u>	<u>2,489,434</u>
Cash Disbursements					
Current:					
Security of Persons and Property	367,247	318,436	-	-	685,683
Leisure Time Activities	-	24,989	-	-	24,989
Basic Utility Services	270,910	-	-	-	270,910
Transportation	-	120,800	-	-	120,800
General Government	693,576	-	-	-	693,576
Debt Service:					
Principal Retirement	-	-	40,000	-	40,000
Interest and Fiscal Charges	-	-	103,973	-	103,973
<i>Total Cash Disbursements</i>	<u>1,331,733</u>	<u>464,225</u>	<u>143,973</u>	<u>-</u>	<u>1,939,931</u>
<i>Net Change in Fund Cash Balances</i>	408,512	124,209	16,782	-	549,503
<i>Fund Cash Balances, January 1 (Restated - See Note 10)</i>	<u>1,066,447</u>	<u>366,493</u>	<u>1,141</u>	<u>5,000</u>	<u>1,439,081</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	5,000	5,000
Restricted	-	335,004	17,923	-	352,927
Committed	-	155,698	-	-	155,698
Unassigned	1,474,959	-	-	-	1,474,959
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,474,959</u>	<u>\$ 490,702</u>	<u>\$ 17,923</u>	<u>\$ 5,000</u>	<u>\$ 1,988,584</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)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 1,217,932
Miscellaneous	49,647
	<hr/>
Total Operating Cash Receipts	1,267,579
	<hr/>
Operating Cash Disbursements:	
Personal Services	251,315
Employee Fringe Benefits	97,369
Contractual Services	110,307
Supplies and Materials	295,594
	<hr/>
Total Operating Cash Disbursements	754,585
	<hr/>
Operating Income	512,994
	<hr/>
Non-Operating Cash Receipts (Disbursements):	
Intergovernmental	50,361
Capital Outlay	(72,753)
Principal Retirement	(262,227)
Interest and Other Fiscal Charges	(100,527)
	<hr/>
Total Non-Operating Cash Receipts (Disbursements)	(385,146)
	<hr/>
Net Change in Fund Cash Balances	127,848
	<hr/>
Fund Cash Balances, January 1 (Restated - See Note 10)	757,119
	<hr/>
Fund Cash Balances, December 31	<u>\$ 884,967</u>

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

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Plain City, Madison County, (the Village) as a body corporate and politic. 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.

B. Accounting Basis

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.

C. Deposits 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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 2011 Swimming Pool Bonds.

4. Permanent Funds

These 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 the benefit of the Village or its citizenry). The Village had the following significant Permanent Fund:

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.

5. 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 Operating Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Water Capital Fund – This fund receives a portion of the water and sewer charges for the Village's capital improvements.

Sewer Capital Fund – This fund receives a portion of the water and sewer charges for the Village's sewer replacement.

VILLAGE OF PLAIN CITY
MADISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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, function, and object level 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.

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 individual 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.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. 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
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. 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.

5. 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.

G. 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.

H. 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.

2. EQUITY IN POOLED 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:

	2014	2013
Demand deposits	\$ 2,001,438	\$ 1,762,826
Certificates of deposit	1,022,637	1,018,583
Total deposits	3,024,075	2,781,409
STAR Ohio	92,169	92,142
Total investments	92,169	92,142
Total deposits and investments	\$ 3,116,244	\$ 2,873,551

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

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,556,849	\$ 1,713,276	\$ 156,427
Special Revenue	520,000	623,378	103,378
Debt Service	155,000	2,107,136	1,952,136
Enterprise	1,004,720	1,203,750	199,030
Total	\$ 3,236,569	\$ 5,647,540	\$ 2,410,971

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,830,587	\$ 1,396,399	\$ 434,188
Special Revenue	931,605	624,085	307,520
Debt Service	141,850	2,092,976	(1,951,126)
Enterprise	1,863,803	1,434,270	429,533
Total	\$ 4,767,845	\$ 5,547,730	\$ (779,885)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,516,050	\$ 1,740,245	\$ 224,195
Special Revenue	500,000	588,434	88,434
Debt Service	145,000	160,755	15,755
Enterprise	1,025,000	1,317,940	292,940
Total	\$ 3,186,050	\$ 3,807,374	\$ 621,324

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,367,760	\$ 1,346,366	\$ 21,394
Special Revenue	700,186	486,573	213,613
Debt Service	143,973	143,973	-
Enterprise	1,608,024	1,279,561	328,463
Total	\$ 3,819,943	\$ 3,256,473	\$ 563,470

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Pool Bond Retirement Fund in 2014. Contrary to Ohio law, appropriations exceeded estimated resources in the Water Capital and Sewer Capital Funds in 2013.

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.

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

5. LOCAL INCOME TAX

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 the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. RETIREMENT SYSTEMS

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 System (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 10% of their wages through June 30, 2013, 10.75% from July 1, 2013 through June 30, 2014, and 11.5% thereafter. The Village contributed 19.5% throughout 2013 and 2014. OP&F participants who were full time firefighters contributed 10% of their wages through June 30, 2013, 10.75% from July 1, 2013 through June 30, 2014, and 11.5% thereafter. The Village contributed 19.5% through June 30, 2013 and 24% thereafter. For 2014 and 2013, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village had paid all contributions required through December 31, 2014.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance coverage for the following risks:

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

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

8. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest
Swimming Pool Refunding Bonds	\$ 1,855,000	1.80%
OWDA #1828	9,172	7.66%
OWDA #1830	41,767	7.56%
OWDA #2843	43,954	2.00%
OWDA #4346	3,014,695	2.65%
Total	\$ 4,964,588	

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 Ohio Water Development Authority (OWDA) loan #1828 relates to a water construction project. The loan will be repaid in semiannual installments of \$9,871, including interest, over 25 years. The OWDA loan #1830 relates to a water construction project. The loan will be repaid in semiannual installments of \$15,331, including interest, over 25 years. The OWDA loan #2843 relates to a water construction project. The loan will be repaid in semiannual installments of \$9,108, including interest, over 25 years. 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 following is a summary of the Village's future annual debt service requirements:

Year	Swimming Pool Bonds		OWDA #4346	
	Principal	Interest	Principal	Interest
2015	\$ 60,000	\$ 70,159	\$ 107,520	\$ 39,945
2016	55,000	71,290	219,333	75,597
2017	60,000	70,300	225,184	69,746
2018	55,000	69,220	231,191	63,739
2019	60,000	69,220	237,358	57,572
2020-2024	310,000	317,300	1,285,211	189,437
2025-2029	350,000	255,000	708,898	28,426
2030-2034	415,000	162,000	-	-
2035-2039	490,000	59,400	-	-
Total	\$ 1,855,000	\$ 1,143,889	\$ 3,014,695	\$ 524,462

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. DEBT (Continued)

Year	OWDA #1828		OWDA #1830		OWDA #2843	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 9,172	\$ 699	\$ 13,251	\$ 2,080	\$ 8,583	\$ 525
2016	-	-	28,516	2,146	17,508	707
2017	-	-	-	-	17,863	353
Total	<u>\$ 9,172</u>	<u>\$ 699</u>	<u>\$ 41,767</u>	<u>\$ 4,226</u>	<u>\$ 43,954</u>	<u>\$ 1,585</u>

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. RESTATEMENT OF PRIOR PERIOD FUND BALANCES

In the prior period financial statements, the Water Capital and Sewer Capital Funds were reflected as Capital Project Funds instead of Enterprise Funds. The following restatement reflects them as Enterprise Funds:

	Capital Projects Funds	Enterprise Funds
Fund Cash Balances, December 31, 2012	\$ 353,430	\$ 403,689
Adjustment of Water Capital Fund	(254,277)	254,277
Adjustment of Sewer Capital Fund	(99,153)	99,153
Fund Cash Balances, January 1, 2013	<u>\$ -</u>	<u>\$ 757,119</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**

August 14, 2015

Village of Plain City
Madison County
213 South Chillicothe St.
Plain City, OH 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 **Village of Plain City**, Madison County (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 14, 2015, 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 opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a 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 Entity's financial statements. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.



Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-002 described in the accompanying schedule of audit findings to be a significant deficiency.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 14, 2015.

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 communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Material Weakness

Posting Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2014 and 2013, receipts, disbursements were not always posted correctly. The following errors were noted:

- Sale of assets through Internet auctions recorded as Miscellaneous instead of Sale of Fixed Assets in the Street Construction, Maintenance and Repair and Police Funds in 2014;
- Homestead and rollback receipts recorded as Property and Other Local Taxes instead of Intergovernmental in the Pool Bond Retirement Fund in 2014 and 2013;
- Series 2014 Swimming Pool Refunding Bonds not properly recorded in the Pool Bond Retirement Fund in 2014;
- Water and Sewer Capital Funds presented as Capital Project Funds instead of Enterprise Funds in 2014 and 2013;
- OPWC funding recorded as Charges for Services instead of Intergovernmental in the Water Capital Fund in 2013; and
- OWDA loan payments not properly allocated between Principal Retirement and Interest and Fiscal Charges in the Enterprise Debt Reserve Fund in 2014.

Not posting receipts and disbursements accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response: We did not receive a response from Officials to this finding.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002

Significant Deficiency

Budgetary Controls

The budget is an instrument of public policy: a governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources in the Water Capital and Sewer Capital Funds in 2013;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations) in the Pool Bond Retirement Fund in 2014.

In addition, the Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system. This resulted in incorrect amounts posted to the accounting system and information available to the Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

We recommend Council review the requirements of Ohio Revised Code Section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure that ensures budgetary forms are submitted to the County accurately and timely.

Officials' Response: We did not receive a response from Officials to this finding.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Posting Receipts and Disbursements	No	Not Corrected; Repeated as Finding 2014-001
2012-002	Ohio Revised Code Section 5705.41(D)	Yes	N/A



Dave Yost • Auditor of State

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
DECEMBER 15, 2015**