

**VILLAGE OF PLAIN CITY
MADISON COUNTY
Regular Audit
For the Years Ended December 31, 2012 and 2011**

Perry & Associates
Certified Public Accountants, A.C.



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, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 11, 2013

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**VILLAGE OF PLAIN CITY
MADISON COUNTY**

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Perry & Associates

Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT AUDITOR'S REPORT

June 25, 2013

Village of Plain City
Madison County
213 South Chillicothe Street
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, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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.

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

As described in Note 1 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012 and 2011, 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, Ohio, as of December 31, 2012 and 2011, 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 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013, 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF PLAIN CITY
MADISON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Other Taxes	\$ 64,267	\$ 298,444	\$ 103,772	\$ -	\$ -	\$ 466,483
Municipal Income Tax	1,062,137	-	-	-	-	1,062,137
Intergovernmental	185,147	196,164	15,061	228,872	-	625,244
Charges for Services	239,874	32,471	-	136,949	-	409,294
Fines, Licenses and Permits	70,821	1,000	-	-	-	71,821
Earnings on Investments	9,641	136	-	-	-	9,777
Miscellaneous	128,648	6,090	-	-	-	134,738
Total Cash Receipts	1,760,535	534,305	118,833	365,821	-	2,779,494
Cash Disbursements:						
Current:						
Security of Persons and Property	477,520	303,294	-	-	-	780,814
Leisure Time Activities	383,587	111,350	-	-	-	494,937
Basic Utility Services	262,634	-	-	-	-	262,634
Transportation	-	148,630	-	-	-	148,630
General Government	858,948	-	-	-	-	858,948
Capital Outlay	-	-	-	275,023	-	275,023
Debt Service:						
Principal Retirement	24,000	-	16,000	84,315	-	124,315
Interest and Fiscal Charges	53,170	-	101,692	48,110	-	202,972
Total Cash Disbursements	2,059,859	563,274	117,692	407,448	-	3,148,273
Excess of Receipts Over (Under) Disbursements	(299,324)	(28,969)	1,141	(41,627)	-	(368,779)
Other Financing Receipts (Disbursements):						
Sale of Fixed Assets	13,430	-	-	-	-	13,430
Advances-In	67,000	50,000	17,000	-	-	134,000
Advances-Out	(67,000)	(50,000)	(17,000)	-	-	(134,000)
Total Other Financing Receipts (Disbursements)	13,430	-	-	-	-	13,430
Net Change in Fund Cash Balances	(285,894)	(28,969)	1,141	(41,627)	-	(355,349)
Fund Cash Balances, January 1	1,352,341	395,462	-	395,057	5,000	2,147,860
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	5,000	5,000
Restricted	-	234,137	1,141	353,430	-	588,708
Committed	-	132,356	-	-	-	132,356
Unassigned	1,066,447	-	-	-	-	1,066,447
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,066,447</u></u>	<u><u>\$ 366,493</u></u>	<u><u>\$ 1,141</u></u>	<u><u>\$ 353,430</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 1,792,511</u></u>

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

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 1,015,266
Miscellaneous	39,560
	1,054,826
Total Operating Cash Receipts	1,054,826
Operating Cash Disbursements:	
Personal Services	287,336
Fringe Benefits	133,546
Contractual Services	140,682
Supplies and Materials	339,014
	900,578
Total Operating Cash Disbursements	900,578
Operating Income	154,248
Non-Operating Receipts (Disbursements):	
Intergovernmental	1,129
Sale of Fixed Assets	15,078
Capital Outlay	(1,351,531)
Principal Retirement	(169,409)
Interest and Fiscal Charges	(61,824)
	(1,566,557)
Total Non-Operating Receipts (Disbursements)	(1,566,557)
Net Change in Fund Cash Balances	(1,412,309)
Fund Cash Balances, January 1	1,815,998
Fund Cash Balances, December 31	\$ 403,689

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

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Local Taxes	\$ 66,766	\$ 303,233	\$ -	\$ -	\$ 369,999
Municipal Income Tax	1,000,558	-	-	-	1,000,558
Intergovernmental	167,346	201,712	128,094	-	497,152
Charges for Services	233,200	34,222	-	-	267,422
Fines, Licenses and Permits	47,162	1,500	-	-	48,662
Earnings on Investments	3,920	166	-	-	4,086
Miscellaneous	16,705	8,326	-	-	25,031
	<u>1,535,657</u>	<u>549,159</u>	<u>128,094</u>	<u>-</u>	<u>2,212,910</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	374,192	406,386	-	-	780,578
Leisure Time Activities	35,548	48,148	-	-	83,696
Basic Utility Services	257,373	-	-	-	257,373
Transportation	-	132,244	-	-	132,244
General Government	839,938	-	-	-	839,938
Capital Outlay	-	-	134,504	-	134,504
Debt Service:					
Principal Retirement	-	-	189,976	-	189,976
Interest and Fiscal Charges	-	-	100,100	-	100,100
	<u>1,507,051</u>	<u>586,778</u>	<u>424,580</u>	<u>-</u>	<u>2,518,409</u>
Total Cash Disbursements					
Excess of Receipts Over (Under) Disbursements	<u>28,606</u>	<u>(37,619)</u>	<u>(296,486)</u>	<u>-</u>	<u>(305,499)</u>
Other Financing Receipts (Disbursements):					
Sale of Fixed Assets	9,611	-	-	-	9,611
	<u>9,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,611</u>
Total Other Financing Receipts (Disbursements)					
Net Change in Fund Cash Balances	38,217	(37,619)	(296,486)	-	(295,888)
Fund Cash Balances, January 1	<u>1,314,124</u>	<u>433,081</u>	<u>691,543</u>	<u>5,000</u>	<u>2,443,748</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	5,000	5,000
Restricted	-	185,362	395,057	-	580,419
Committed	-	210,100	-	-	210,100
Unassigned	<u>1,352,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,352,341</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,352,341</u>	<u>\$ 395,462</u>	<u>\$ 395,057</u>	<u>\$ 5,000</u>	<u>\$ 2,147,860</u>

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

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 887,278
Miscellaneous	3,081
	890,359
Operating Cash Disbursements:	
Personal Services	218,429
Fringe Benefits	94,205
Contractual Services	163,997
Supplies and Materials	322,549
	799,180
Total Operating Cash Disbursements	799,180
Operating Income	91,179
Non-Operating Receipts (Disbursements):	
Sale of Bonds	2,020,000
Intergovernmental	1,329
Capital Outlay	(658,176)
Principal Retirement	(50,738)
Interest and Fiscal Charges	(17,982)
	1,294,433
Total Non-Operating Cash Receipts (Disbursements)	1,294,433
Net Change in Fund Cash Balances	1,385,612
Fund Cash Balances, January 1	430,386
Fund Cash Balances, December 31	\$ 1,815,998

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, 2012 AND 2011**

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 of accounting 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. 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, 2012 AND 2011
(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. Capital Projects Funds

These funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Funds:

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.

5. 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.

6. 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.

Swimming Pool Fund – This fund receives charges for services from users to cover the cost of providing this service.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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. 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 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 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

In 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. 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, 2012 AND 2011
(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:

	2012	2011
Demand deposits	\$ 1,091,699	\$ 2,865,954
Certificates of deposit	1,012,394	1,005,867
Total deposits	2,104,093	3,871,821
STAR Ohio	92,107	92,037
Total investments	92,107	92,037
Total deposits and investments	\$ 2,196,200	\$ 3,963,858

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

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,521,050	\$ 1,773,965	\$ 252,915
Special Revenue	512,000	534,305	22,305
Debt Service	118,000	118,833	833
Capital Projects	100,000	365,821	265,821
Enterprise	970,000	1,071,033	101,033
Total	\$ 3,221,050	\$ 3,863,957	\$ 642,907

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,325,158	\$ 2,059,859	\$ 265,299
Special Revenue	668,675	563,274	105,401
Debt Service	117,692	117,692	-
Capital Projects	482,425	407,448	74,977
Enterprise	2,552,100	2,483,342	68,758
Total	\$ 6,146,050	\$ 5,631,615	\$ 514,435

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,555,050	\$ 1,545,268	\$ (9,782)
Special Revenue	523,200	549,159	25,959
Capital Projects	-	128,094	128,094
Enterprise	2,934,000	2,911,688	(22,312)
Total	\$ 5,012,250	\$ 5,134,209	\$ 121,959

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,679,518	\$ 1,507,051	\$ 172,467
Special Revenue	855,300	586,778	268,522
Capital Projects	665,000	424,580	240,420
Enterprise	2,948,900	1,526,076	1,422,824
Total	\$ 6,148,718	\$ 4,044,485	\$ 2,104,233

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

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. 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. For 2012 and 2011, OP&F participants contributed 10% of full-time police members' wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

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.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. DEBT

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest</u>
Series 2011 Swimming Pool Bonds	\$ 1,980,000	5.25%
OWDA #1828	43,285	7.66%
OWDA #1830	91,113	7.56%
OWDA #2843	77,614	2.00%
OWDA #4346	3,430,898	2.65%
Total	<u>\$ 5,622,910</u>	

The Village issued \$2,020,000 of Series 2011 Swimming Pool Bonds to finance the construction of a swimming pool facility. The bonds will be repaid in semiannual payments of interest and annual payments of principal over 27 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:

<u>Swimming Pool Bonds</u>			<u>OWDA #1828</u>		
Year	Principal	Interest	Year	Principal	Interest
2013	\$ 40,000	\$ 103,950	2013	\$ 16,427	\$ 3,316
2014	45,000	101,850	2014	17,685	2,057
2015	45,000	99,488	2015	<u>9,173</u>	<u>699</u>
2016	45,000	97,391	Total	<u>\$ 43,285</u>	<u>\$ 6,072</u>
2017	50,000	94,762			
2018-22	280,000	432,837			
2023-27	340,000	353,529			
2028-32	410,000	257,005			
2033-37	500,000	140,501			
2038-39	<u>225,000</u>	<u>17,850</u>			
Total	<u>\$1,980,000</u>	<u>\$1,699,163</u>			

<u>OWDA #1830</u>			<u>OPWC #2843</u>			<u>OWDA #4346</u>		
Year	Principal	Interest	Year	Principal	Interest	Year	Principal	Interest
2013	\$ 23,774	\$ 6,888	2013	\$ 16,663	\$ 1,552	2013	\$ 205,362	\$ 89,567
2014	25,571	5,091	2014	16,997	1,219	2014	210,841	84,089
2015	27,505	3,158	2015	17,337	879	2015	216,465	78,465
2016	<u>14,263</u>	<u>1,069</u>	2016	17,683	532	2016	222,239	72,690
Total	<u>\$ 91,113</u>	<u>\$ 16,206</u>	2017	<u>8,934</u>	<u>174</u>	2017	228,168	66,762
			Total	<u>\$ 77,614</u>	<u>\$ 4,356</u>	2018-22	1,235,448	239,200
						2023	<u>1,112,375</u>	<u>67,344</u>
						Total	<u>\$3,430,898</u>	<u>\$698,117</u>

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

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.

Perry & Associates

Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

June 25, 2013

Village of Plain City
Madison County
213 South Chillicothe Street
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, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated June 25, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits and has adopted Governmental Accounting Standards Board Statement No. 54.

Internal Control over Financial Reporting

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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 Village's financial statements. We consider finding 2012-01 described in the accompanying schedule of audit findings to be a material weakness.

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 2012-02 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2012-02.

Compliance and Other Matters (Continued)

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 25, 2013.

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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

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 2012 and 2011, several receipts and disbursements were not posted to accurate classifications based on the source of the receipt or disbursement. The following posting errors were noted:

- Debt payments recorded as Capital Outlay and General Government disbursements instead of Principal Retirement and Interest and Fiscal Charges disbursements in the General, Sewer Capital and Water Operating Funds
- OWDA loan interest credits not recorded on the Village's books
- Estate tax and homestead receipts recorded as Property and Local Taxes and Miscellaneous receipts instead of Intergovernmental receipts in the General, Police and Pool Bond Retirement Funds
- OPWC and Federal grant funding recorded as Charges for Services receipts instead of Intergovernmental receipts in the General, Water Capital and Sewer Capital Funds
- Sale of items at Internet auctions recorded as Miscellaneous receipts instead of Sale of Fixed Assets receipts

Not posting receipts and disbursement accurately resulted in the financial statements requiring several adjustments and reclassifications. The financial statements reflect all reclassifications and adjustments. Village management agrees with the adjustments, and all adjustments have been made to the Village's accounting system.

We 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 – Officials did not provide a response to this finding.

FINDING NUMBER 2012-002

Significant Deficiency/Noncompliance

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-002 (Continued)

Ohio Revised Code Section 5705.41(D)(1) (Continued)

1. “Then and Now” certificate - If the Fiscal Officer can certify that both at the time that the contract or order was made (“then”), and at the time that the Fiscal Officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – Fiscal Officer may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

45% of the transactions tested in 2012 and 45% of the transactions tested in 2011 were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are, or will be, available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

Officials’ Response – Officials did not provide a response to this finding.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Obtaining SAS 70 Reports for Service Organizations	Yes	
2010-002	Prior Certification of Expenditures	No	Repeated as Finding 2012-02

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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
SEPTEMBER 24, 2013**