



Dave Yost • Auditor of State

VILLAGE OF PLAIN CITY
MADISON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Plain City
Madison County
213 South Chillicothe Street
Plain City, Ohio 43064

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Plain City, Madison County, Ohio, (the Village) as of and for the year ended December 31, 2016.

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 such 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 opinions.

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, 2016, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Plain City, Madison County as of December 31, 2015, for the year 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 November 8, 2017, 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 8, 2017

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, 2016

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Taxes	\$65,117	\$310,146	\$139,942	\$0	\$0	\$515,205
Municipal Income Tax	1,409,240	0	0	145,348	0	1,554,588
Intergovernmental	82,191	204,681	20,531	0	0	307,403
Charges for Services	235,688	52,170	0	0	0	287,858
Fines, Licenses and Permits	43,478	1,100	0	0	0	44,578
Earnings on Investments	7,609	97	0	0	0	7,706
Miscellaneous	21,470	27,403	0	0	0	48,873
<i>Total Cash Receipts</i>	<u>1,864,793</u>	<u>595,597</u>	<u>160,473</u>	<u>145,348</u>	<u>0</u>	<u>2,766,211</u>
Cash Disbursements						
Current:						
Security of Persons & Property	0	793,998	0	0	0	793,998
Leisure Time Activities	0	73,468	3,449	0	0	76,917
Basic Utility Services	255,084	0	0	0	0	255,084
Transportation	0	244,382	0	0	0	244,382
General Government	802,037	30,000	0	0	0	832,037
Capital Outlay	77,587	0	0	0	0	77,587
Debt Service:						
Principal Retirement	0	0	55,000	0	0	55,000
Interest and Fiscal Charges	0	0	71,290	0	0	71,290
<i>Total Cash Disbursements</i>	<u>1,134,708</u>	<u>1,141,848</u>	<u>129,739</u>	<u>0</u>	<u>0</u>	<u>2,406,295</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>730,085</u>	<u>(546,251)</u>	<u>30,734</u>	<u>145,348</u>	<u>0</u>	<u>359,916</u>
Other Financing Receipts (Disbursements)						
Sale of Capital Assets	0	10,594	0	0	0	10,594
Transfers In	0	841,697	0	0	0	841,697
Transfers Out	(841,697)	0	0	0	0	(841,697)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(841,697)</u>	<u>852,291</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,594</u>
<i>Net Change in Fund Cash Balances</i>	<u>(111,612)</u>	<u>306,040</u>	<u>30,734</u>	<u>145,348</u>	<u>0</u>	<u>370,510</u>
<i>Fund Cash Balances, January 1</i>	<u>\$1,865,790</u>	<u>\$705,005</u>	<u>\$67,376</u>	<u>\$0</u>	<u>\$5,000</u>	<u>2,643,171</u>
Fund Cash Balances, December 31						
Nonspendable	0	0	0	0	5,000	5,000
Restricted	0	840,357	98,110	0	0	938,467
Committed	0	170,688	0	145,348	0	316,036
Assigned	101,311	0	0	0	0	101,311
Unassigned (Deficit)	1,652,867	0	0	0	0	1,652,867
<i>Fund Cash Balances, December 31</i>	<u>\$1,754,178</u>	<u>\$1,011,045</u>	<u>\$98,110</u>	<u>\$145,348</u>	<u>\$5,000</u>	<u>\$3,013,681</u>

See accompanying notes to the basic financial statements

VILLAGE OF PLAIN CITY
MADISON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Enterprise
Operating Cash Receipts	
Charges for Services - Utilities	\$1,392,922
Charges for Services - Other	45,584
Miscellaneous	10,412
<i>Total Operating Cash Receipts</i>	1,448,918
Operating Cash Disbursements	
Personal Services	269,651
Fringe Benefits	114,314
Contractual Services	183,477
Supplies and Materials	277,056
<i>Total Operating Cash Disbursements</i>	844,498
<i>Operating Income (Loss)</i>	604,420
Non-Operating Receipts (Disbursements)	
Capital Outlay	(123,515)
Principal Retirement	(254,184)
Interest and Other Fiscal Charges	(73,357)
<i>Total Non-Operating Receipts (Disbursements)</i>	(451,056)
<i>Net Change in Fund Cash Balance</i>	153,364
<i>Fund Cash Balances, January 1</i>	\$793,669
<i>Fund Cash Balances, December 31</i>	\$947,033

See accompanying notes to the basic financial statements

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 Council 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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 2014 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.

6. Capital Funds

These funds account for capital/infrastructure needs for the Village. It is supported by a 0.5% income tax that was passed in May 2016 that went into effect as of July 1, 2016. Income generated supports capital needs and infrastructure improvements. A committee was established to create a schedule that was approved by Village Council. The Village had the following significant Capital Funds:

Capital Improvements/0.5% Income Tax – This fund receives 0.5% of the general income tax for capital purchases or infrastructure improvements.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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. Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$857,177 for the year ended December 31, 2016.

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.

A summary of 2016 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.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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.

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.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

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:

	2016
Demand Deposits	\$ 2,842,045
Certificate of Deposits	1,025,963
Total Deposits	3,868,008
STAR Ohio	92,705
Total Investments	92,705
Total Deposits and Investments	\$ 3,960,713

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts

Fund Type	Estimated Receipts	Actual Receipts	Variance
General	\$ 1,765,552	\$ 1,864,793	\$ 99,241
Special Revenue	1,325,721	1,477,888	152,167
Debt Service	163,156	160,473	(2,683)
Capital	-	145,348	145,348
Enterprise	1,254,391	1,448,918	194,527
Total	\$ 4,508,820	\$ 5,097,420	\$ 588,600

2016 Budgeted vs. Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,128,969	\$ 1,986,146	\$ (857,177)
Special Revenue	1,575,316	1,234,876	340,440
Debt Service	142,125	129,739	12,386
Enterprise	1,742,805	1,302,353	440,452
Total	\$ 4,589,215	\$ 4,653,114	\$ (63,899)

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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.

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 and a half 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 12.25% during 2016. The Village contributed 19.5% throughout 2016. OP&F participants who were full time firefighters contributed 12.25% during 2016. The Village contributed 24% throughout 2016. For 2016, 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, 2016.

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

7. RISK MANAGEMENT

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

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

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

7. RISK MANAGEMENT (Continued)

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, 2016 was as follows:

	Principal	Interest
Swimming Pool Refunding Bonds	\$ 1,740,000	1.80%
OWDA #2843	8,934	2.00%
OWDA #4346	2,575,991	2.65%
Total	\$ 4,324,925	

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 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
2017	60,000	70,300	113,333	34,132
2018	55,000	69,220	231,191	63,739
2019	60,000	69,220	237,358	57,572
2020	60,000	67,150	243,690	51,240
2021	65,000	65,350	250,190	44,740
2022-2026	320,000	297,000	1,354,693	119,955
2027-2031	370,000	219,750	145,536	1,928
2032-2036	450,000	120,450	-	-
2037-2041	300,000	24,000	-	-
Total	\$ 1,740,000	\$ 1,002,440	\$ 2,575,991	\$ 373,306

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

8. DEBT (Continued)

Year	OWDA #2843	
	Principal	Interest
2017	8,934	174
Total	<u>\$ 8,934</u>	<u>\$ 174</u>

9. SUBSEQUENT EVENT

The Village issued \$4.6 million in bond anticipation notes for various purposes on March 13, 2017. The bond anticipation notes have a maturity date of May 15, 2018.



Dave Yost • Auditor of State

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

Village of Plain City
Madison County
213 South Chillicothe Street
Plain City, Ohio 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 cash balances, receipts and disbursements by fund type of the Village of Plain City, Madison County, Ohio, (the Village) as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2017, 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.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001, 2016-003 and 2016-004 to be material weaknesses.

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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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-001 and 2016-002.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State
Columbus, Ohio

November 8, 2017

VILLAGE OF PLAIN CITY
MADISON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016

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

FINDING NUMBER 2016-001

Transfer of Funds – Noncompliance and Material Weakness

Ohio Rev. Code § 5705.14 provides, in part, that interfund transfers shall only be made by resolution of the taxing authority. See also 1989 Op. Att’y Gen. No. 89-075 (Ohio Rev. Code § 5705.14(E) has been interpreted to require a resolution passed by a simple majority when transferring funds from the general revenue fund to specific funds.)

The Village Council did not approve transfers from the General Fund to the Special Revenue Funds in the amount of \$841,697 during 2016.

Failure to receive the proper approval could result in unauthorized transfers.

We recommend the Village Council approve all transfers from the General Fund to the specific Special Revenue funds by a simple majority vote.

Officials’ Response: Council recently passed legislation. Previously, the Village was advised by the Solicitor that legislation wasn’t needed. We did a motion of vote to approve. The percentages were always included with the budget so Council was aware of the amount being transferred. The Village just didn’t have legislation authorizing the transfers. The Village Council began authorizing transfers in 2017.

FINDING NUMBER 2016-002

Expenditures Exceed Appropriations – Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the Village is the level at which Council adopts the original appropriation measure. The Village appropriated at the function level.

Budgetary expenditures exceeded appropriations for the year ended December 31, 2016 at the fund level as follows:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$1,128,969	\$1,986,146	(\$857,177)

Due to the non-compliance noted at the fund level, there is inherently non-compliance at the function level.

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources, and result in deficit spending in the General Fund.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials’ Response: This is due to timing. The Village needs to review the certificate of resources and expenditures to better ensure the numbers do match what was approved and received by county and Council. The Fiscal Officer also needs to have a more vocal role in the budget process to ensure all debt is accounted for in the budgeting process as opposed to adding it a later date. The Fiscal Officer recently learned at a county meeting that since Council budgeted at the “function” level the Fiscal Officer didn’t have the authority to transfer funds from personal services to other line items in the same fund.

VILLAGE OF PLAIN CITY
MADISON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016
(CONTINUED)

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

FINDING NUMBER 2016-003

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Village Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

The following were adjusted to the Village's financial statements and accounting ledgers for the year ended December 31, 2016:

- Reclassification of \$71 of Transfers In to Charges for Services - Utilities within Enterprise Funds to properly record utility receipts.
- Reclassification of \$45,584 of Miscellaneous Revenue to Charges for Services - Other within Enterprise Funds to properly record utility receipts.
- Reclassification of \$76,237 of interest to principal within Enterprise funds to properly record principal and interest payments.
- Reclassification of \$145,348 of Restricted fund balance to Committed fund balance in the Enterprise funds.
- Reclassification of \$101,311 from Unassigned fund balance to Assigned fund balance in the General Fund to properly classify fund balances.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Village's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year.

Officials' Response: The Village needs to refer back to the Village handbook to better classify revenue more accurately.

FINDING NUMBER 2016-004

Budgetary Posting – Material Weakness

The Village should post to its receipt and expenditure ledgers in a timely manner, the estimated receipts as certified to the County Budget Commission and appropriations as approved by the Village Council to allow for monitoring of budget versus actual receipts and expenditures.

VILLAGE OF PLAIN CITY
MADISON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016
(CONTINUED)

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

FINDING NUMBER 2016-004 (CONTINUED)

Budgetary Posting – Material Weakness (Continued)

As of December 31, 2016, the budgeted receipts posted to the Village's accounting ledgers varied from the estimated receipts certified by the County Budget Commission as follows:

Fund	Estimated Receipts Posted	Estimated Receipts Approved	Variance
Special Revenue	\$1,325,488	\$1,325,721	\$233

As of December 31, 2016, the appropriations posted to the Village's accounting ledgers varied from the approved appropriation authority as follows:

Fund	Appropriations Posted	Appropriations Approved	Variance
General	\$2,037,574	\$1,128,969	\$908,605
Enterprise	\$1,464,074	\$1,742,805	(\$278,731)

Note 3 to the financial statements required revisions based on the variances noted above.

Failure to post budgeted amounts accurately and timely results in the inability to monitor budgeted vs. actual receipts and expenditures, and thus, may impair the Village's ability to detect possible errors or irregularities.

In order to effectively monitor budgeted versus actual activity of the Village, we recommend the Fiscal Officer accurately and timely post to the accounting ledgers estimated receipts and appropriations certified by the County Budget Commission.

Officials' Response: This is due to timing. The Village needs to review the Certificate of Resources and Expenditures to better ensure the numbers do match what was approved and received by County and Council. The Fiscal Officer also needs to a more vocal role in the budget process to ensure all debt is accounted for in the budgeting process as opposed to adding it a later date. The Fiscal Officer recently learned at a County meeting that since Council budgeted at the "function" level, the Fiscal Officer didn't have the authority to transfer funds from personal services to other line items in the same fund.

**VILLAGE OF PLAIN CITY
MADISON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Ohio Rev. Code § 5705.14 – Transfer of Funds	Not corrected	Council recently passed legislation. Previously, the Village was advised by the Solicitor that legislation wasn't needed. We did a motion of vote to approve. The percentages were always included with the budget so Council was aware of the amount being transferred. The Village just didn't have legislation authorizing the transfers. The Village Council began authorizing transfers in 2017.
2015-002 2014-002	Ohio Rev. Code § 5705.41 (B) - Expenditures Exceed Appropriations The issue first was reported at 2014-002	Not corrected	This is due to timing. The Village needs to review the certificate of resources and expenditures to better ensure the numbers do match what was approved and received by county and Council. The Fiscal Officer also needs to have a more vocal role in the budget process to ensure all debt is accounted for in the budgeting process as opposed to adding it a later date. The Fiscal Officer recently learned at a county meeting that since Council budgeted at the "function" level the Fiscal Officer didn't have the authority to transfer funds from personal services to other line items in the same fund.
2015-003 2014-001	Financial Reporting – Adjustments to the financial statements The issue first was reported at 2012-001	Not corrected	The Village needs to refer back to the Village handbook to better classify revenue more accurately.
2015-004	Budgetary Postings	Not corrected	This is due to timing. The Village needs to review the Certificate of Resources and Expenditures to better ensure the numbers do match what was approved and received by County and Council. The Fiscal Officer also needs to a more vocal role in the budget process to ensure all debt is accounted for in the budgeting process as opposed to adding it a later date. The Fiscal Officer recently learned at a County meeting that since Council budgeted at the "function" level, the Fiscal Officer didn't have the authority to transfer funds from personal services to other line items in the same fund.



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 14, 2017