



**Auditor of State
Betty Montgomery**

VILLAGE OF PLEASANT PLAIN
WARREN COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Pleasant Plain
Warren County
10092 State Route 132
Pleasant Plain, Ohio 45162

To the Village Council:

We have audited the accompanying financial statements of the Village of Pleasant Plain, Warren County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 23, 2003

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$2,437	\$549	\$0	\$2,986
Intergovernmental Receipts	5,580	14,373	0	19,953
Earnings on Investments	922	161	0	1,083
Miscellaneous	13,131	0	0	13,131
Total Cash Receipts	<u>22,070</u>	<u>15,083</u>	<u>0</u>	<u>37,153</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,411	0	0	1,411
Public Health Services	84	0	0	84
Leisure Time Activities	0	824	0	824
Basic Utility Services	571	0	0	571
Transportation	0	30,537	0	30,537
General Government	19,213	0	0	19,213
Capital Outlay	0	0	0	0
Total Cash Disbursements	<u>21,279</u>	<u>31,361</u>	<u>0</u>	<u>52,640</u>
Total Receipts Over/(Under) Disbursements	<u>791</u>	<u>(16,278)</u>	<u>0</u>	<u>(15,487)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		18,155	0	18,155
Transfers-Out	(18,155)	0	0	(18,155)
Total Other Financing Receipts/(Disbursements)	<u>(18,155)</u>	<u>18,155</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(17,364)</u>	<u>1,877</u>	<u>0</u>	<u>(15,487)</u>
Fund Cash Balances, January 1	<u>\$63,064</u>	<u>\$11,242</u>	<u>\$39</u>	<u>\$74,345</u>
Fund Cash Balances, December 31	<u><u>\$45,700</u></u>	<u><u>\$13,119</u></u>	<u><u>\$39</u></u>	<u><u>\$58,858</u></u>
Reserves for Encumbrances, December 31	<u><u>\$56</u></u>	<u><u>\$2</u></u>	<u><u>\$0</u></u>	<u><u>\$58</u></u>

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

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property Tax and Other Local Taxes	\$2,356	\$581	\$0	\$2,937
Intergovernmental Receipts	4,906	7,034	0	11,940
Earnings on Investments	2,358	404	0	2,762
Miscellaneous	671	0	0	671
	<u>10,291</u>	<u>8,019</u>	<u>0</u>	<u>18,310</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,275	0	0	1,275
Public Health Services	83	0	0	83
Leisure Time Activities	0	2,720	0	2,720
Basic Utility Services	504	0	0	504
Transportation	0	18,586	0	18,586
General Government	11,284	0	0	11,284
Capital Outlay	0	0	0	0
	<u>13,146</u>	<u>21,306</u>	<u>0</u>	<u>34,452</u>
Total Receipts Under Disbursements	(2,855)	(13,287)	0	(16,142)
Fund Cash Balances, January 1	<u>65,919</u>	<u>24,529</u>	<u>39</u>	<u>90,487</u>
Fund Cash Balances, December 31	<u>\$63,064</u>	<u>\$11,242</u>	<u>\$39</u>	<u>\$74,345</u>

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

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Pleasant Plain, Warren County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides street maintenance and repair. The Village contracts with the Warren County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue 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 PLEASANT PLAIN
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following capital project fund:

Sidewalk Fund

This fund received proceeds from the State of Ohio. The proceeds were being used to construct sidewalks.

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$48,328	\$64,067
Certificates of deposit	10,530	10,278
Total deposits	\$58,858	\$74,345

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,748	\$22,070	\$12,322
Special Revenue	22,030	33,238	11,208
Capital Projects	39	0	(39)
Total	\$31,817	\$55,308	\$23,491

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$15,958	\$39,490	(\$23,532)
Special Revenue	19,950	31,363	(11,413)
Capital Projects	0	0	0
Total	\$35,908	\$70,853	(\$34,945)

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,748	\$10,291	\$543
Special Revenue	8,500	8,019	(481)
Total	\$18,248	\$18,310	\$62

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$12,650	\$13,146	(\$496)
Special Revenue	22,950	21,306	1,644
Total	\$35,600	\$34,452	\$1,148

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded the appropriation authority in the Street Construction Fund and General Fund for the year ended December 31, 2002 and the General Fund for the year ended December 31, 2001. The Village also did not amend estimated resources as required by Ohio law.

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

6. OTHER NONCOMPLIANCE

The Village did not complete the following budgetary procedures by the dates required by Ohio law:

- Adopt a tax budget;
- Authorize and certify tax rates;
- Certify available amounts to county auditor;
- Approve appropriation amendments; and
- Obtain certification of appropriations from the county auditor.



Auditor of State Betty Montgomery

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

Village of Pleasant Plain
Warren County
10092 State Route 132
Pleasant Plain, Ohio 45162

To the Village Council:

We have audited the accompanying financial statements of the Village of Pleasant Plain, Warren County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated June 23, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected with in a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 23, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 23, 2003

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Noncompliance and Reportable Condition-Budgetary

Ohio Rev. Code, Section 5705, prescribes budgetary laws for the Village. The Village did not comply with the following sections of the code:

- A. Ohio Rev. Code, Section 5705.28, requires that each subdivision adopt a tax budget for the next succeeding fiscal year on or before July 15. The Village did submit a tax budget in 2001 and 2002; however, the budget was not approved in the minutes.

Failure to properly adopt a tax budget could result in a delay of funding from the County. We recommend Village management take steps to ensure a tax budget is properly adopted and approved by Council in the minutes.

- B. Ohio Rev. Code, Section 5705.34, requires each taxing authority to pass an ordinance or resolution to authorize the necessary tax levies and certify the levies to the county auditor before October 1 each year. The Village did not authorize the necessary rates and certify them to the county auditor during 2001 and 2002.

Failure to authorize the necessary rates and certify them to the county auditor before the required date could result in a delay in receiving funding from the county. We recommend Village management take steps to ensure the necessary rates are authorized and certified to the county auditor by the required date.

- C. Ohio Rev. Code, Section 5705.36, requires the Village to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year on or about the first day of each fiscal year. The Village did not have a Certificate of the Total Amount from All Sources Available for Expenditures, and Balances for 2001 and 2002.

Failure to certify the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year could result in a delay of funding from the county. We recommend the Village complete and submit to the county auditor on or about the first day of the fiscal year a Certificate of the Total Amount from All Sources Available for Expenditures, and Balances.

- D. Ohio Rev. Code, Section 5705.36, requires upon the determination by a fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in the official certificate, the fiscal officer may certify the amount of the deficiency or excess to the budget commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

FINDING NUMBER 2002-001
(Continued)

During the audit period, the Village made amendments to estimated resources in the receipt ledger; however, these were not approved by Council or submitted to the budget commission in order to obtain an amended certificate. Failure to submit amended certificates of estimated resources to the budget commission could cause the Village to appropriate/expend more funds than they actually have available if estimated resources exceed receipts. If estimated resources are less than actual receipts, the Village may not utilize funds that they actually have available to appropriate/expend. We recommend the Village approve any amendments to estimated resources in the minutes and submit them to the budget commission prior to making any changes in the receipt ledger.

- E. Ohio Rev. Code, Section 5705.38, requires a taxing authority to pass an annual appropriation measure on or about the first day of each fiscal year and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. The Village made supplemental appropriations in the appropriation ledger, but the amendments were not approved by Council in the minutes. Also, amounts listed on the annual appropriation resolution did not match the appropriation ledger.

Failure to properly adopt appropriation amendments that are approved in the minutes could cause the Village to make illegal expenditures. The Village's management should take steps to ensure all appropriations and amendments are approved in the minutes by Council prior to entering them into the appropriation ledger. In addition, all annual appropriations and amendments approved in the minutes should match the appropriation amounts listed in the appropriation ledger.

- F. Ohio Rev. Code, Section 5705.39, states no appropriation measure is to become effective until the County auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Village did not have appropriations properly approved by the County Auditor in 2001. The Village also did not obtain the Certificate that Total Appropriations From Each Fund Do Not Exceed the Total Official Certificate or Amended Official Estimate from the County Auditor for 2001 or 2002.

Failure to obtain this certificate may result in the Village making illegal expenditures. We recommend the Village submit all appropriations and amendments to the County Auditor. We also recommend the Village obtain the certificate that the total appropriations from each fund do not exceed the total official estimate or amended estimate from the County Auditor.

- G. Ohio Rev. Code, Section 5705.40, states any appropriation ordinance or measure may be amended or supplemented provided that such amendment or supplement shall comply with all provisions of the law governing the taxing authority in making an original appropriation. The Village amended appropriations in the appropriation ledger that were not approved in the minutes or submitted to the County Auditor for approval.

Failure to properly amend appropriations could cause the Village to make illegal expenditures. We recommend the Village Council approve all appropriation amendments in the minutes.

- H. Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. In 2002, disbursements exceeded appropriations in the Street Construction Fund by \$11,411 and in the General Fund by \$23,476. In 2001, disbursements exceeded appropriations in the General Fund by \$496.

The Clerk should deny payment requests exceeding appropriations. The Clerk may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30483-001	5705.41(D) for not certifying the availability of funds.	Yes	
2000-30483-002	5705.41(B) for disbursements exceeding appropriations.	No	Reissued as finding 2002-001.
2000-30483-003	5705.39 for appropriations exceeding estimated revenue.	Yes	



**Auditor of State
Betty Montgomery**

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

VILLAGE OF PLEASANT PLAIN

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 29, 2003**