



Mary Taylor, CPA
Auditor of State

VILLAGE OF PLEASANT PLAIN
WARREN COUNTY

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Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Dave Yost
Auditor of State

November 21, 2011

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Dave Yost • Auditor of State

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, 2010 and 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Pleasant Plain, Warren County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

November 21, 2011

**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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$2,231	\$380	\$2,611
Intergovernmental	6,164	8,117	14,281
Fines, Licenses and Permits	487		487
Earnings on Investments	33	422	455
Miscellaneous	1,200	0	1,200
	<u>10,115</u>	<u>8,919</u>	<u>19,034</u>
Total Cash Receipts			
	<u>10,115</u>	<u>8,919</u>	<u>19,034</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	2,022		2,022
Basic Utility Service	1,043		1,043
Transportation		635	635
General Government	7,724		7,724
	<u>10,789</u>	<u>635</u>	<u>11,424</u>
Total Cash Disbursements			
	<u>10,789</u>	<u>635</u>	<u>11,424</u>
Total Receipts Over/(Under) Disbursements	<u>(674)</u>	<u>8,284</u>	<u>7,610</u>
Other Financing Receipts / (Disbursements):			
Advances-In	14,455		14,455
Advances-Out		(14,455)	(14,455)
	<u>14,455</u>	<u>(14,455)</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)			
	<u>14,455</u>	<u>(14,455)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,781	(6,171)	7,610
Fund Cash Balances, January 1	<u>1,057</u>	<u>60,770</u>	<u>61,827</u>
Fund Cash Balances, December 31	<u><u>\$14,838</u></u>	<u><u>\$54,599</u></u>	<u><u>\$69,437</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, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$2,750	\$384		\$3,134
Intergovernmental	5,238	7,006	\$ 48,387	60,631
Fines, Licenses and Permits	443			443
Earnings on Investments	74	396		470
Miscellaneous	5,076			5,076
	<u>13,581</u>	<u>7,786</u>	<u>48,387</u>	<u>69,754</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,842			1,842
Transportation		756		756
General Government	16,835			16,835
Capital Outlay			48,387	48,387
	<u>18,677</u>	<u>756</u>	<u>48,387</u>	<u>67,820</u>
Total Receipts Over/(Under) Disbursements	<u>(5,096)</u>	<u>7,030</u>	<u>0</u>	<u>1,934</u>
Fund Cash Balances, January 1	<u>6,153</u>	<u>53,740</u>		<u>59,893</u>
Fund Cash Balances, December 31	<u>\$1,057</u>	<u>\$60,770</u>	<u>\$0</u>	<u>\$61,827</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, 2010 AND 2009**

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 Pleasant Plain, Warren County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street maintenance and repair. The Village contracts with the Warren County Sheriff's department to provide security of persons and property. Harlan Township provides fire protection 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 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. Cash Deposits

The Village's funds are deposited in a checking account.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

This fund account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Community Development Block Grant – This fund received on-behalf CDBG payments from Warren County for storm drain repairs in 2009.

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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. 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.

2. Equity in Pooled Deposits

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:

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$61,827</u>	<u>\$69,437</u>
Total deposits	<u><u>\$61,827</u></u>	<u><u>\$69,437</u></u>

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

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,749	\$10,115	\$366
Special Revenue	3,938	8,919	4,981
Total	\$13,687	\$19,034	\$5,347

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$14,060	\$10,789	\$3,271
Special Revenue	6,000	635	5,365
Total	\$20,060	\$11,424	\$8,636

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,760	\$13,581	\$3,821
Special Revenue	8,374	7,785	(589)
Capital Projects	0	48,387	48,387
Total	\$18,134	\$69,753	\$51,619

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$12,256	\$18,677	(\$6,421)
Special Revenue	6,600	756	5,844
Capital Projects	0	48,387	(48,387)
Total	\$18,856	\$67,820	(\$48,964)

The Village Council did not approve appropriation amendments in 2009 and 2010.

The General Fund appropriations exceeded the unencumbered fund balance plus actual receipts in 2010.

The Village did not properly submit appropriation measures to the County Auditor in 2009.

The Village had appropriations that exceeded the estimated resources for the General Fund in 2010.

The Village had expenditures that exceeded appropriations in 2009 in the General Fund and the CDBG Capital Projects Fund.

**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(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. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

6. Related Party Transactions

The Village Council President's son was paid \$329 in 2009 and \$525 in 2010 for providing snow removal services for the Village.

7. Noncompliance

The Village expended money incorrectly out of the Street Construction, Maintenance and Repair Fund.



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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of The Village of Pleasant Plain, Warren County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated November 21, 2011 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-07 to be a significant deficiency. 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.

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, providing an opinion 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 2010-01 through 2010-06.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 21, 2011.

We intend this report solely for the information and use of management, Village Council, and others within the Village. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

November 21, 2011

VILLAGE OF PLEASANT PLAIN
WARREN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-01

Noncompliance Citation

ORC, Section 5735.29, describes the allowable uses of motor fuel excise tax revenue. Failure to post expenditures to a proper fund may result in loss of revenue.

Ohio Revised Code, Section 5705.10(H), provides that monies paid into any fund shall be used only for the purpose for which such fund is established.

Ohio Revised Code, Sections 5735.27 and 4501.04, restricts the purpose for which the gasoline excise tax and motor vehicle license tax monies may be expended. **Ohio Revised Code, Section 5735.27**, provides that gasoline excise tax distributed from the Gasoline Excise Tax Fund be used for municipal street expenditures. **Ohio Revised Code, Section 4501.04(A)**, provides in part that these monies shall be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133 of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts, or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for such purposes.

Ohio Revised Code, Section 5735.23(C)(2)(a), provides that gasoline excise tax distributed from the State and Local Government Highway Distribution Fund pursuant to Ohio Revised Code Section 5735.27(A)(1) be used pursuant to that section.

The Village paid mowing expenditures for the Village's park out of their Street Construction, Maintenance and Repair Fund in 2010 and 2009 totaling \$700 and \$625 respectively. Expenditures for mowing are not allowed from this fund per the Ohio Revised Code.

We recommend that the Village only expend monies received for gasoline excise tax, gasoline cents per gallon, and motor vehicle license tax for allowable items and use due care when posting expenditures to this fund. The Village made adjustments for these expenditures to financial statements and accounting records.

FINDING NUMBER 2010-02

Noncompliance Citation

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.

**FINDING NUMBER 2010-02
(Continued)**

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.

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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village 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 officers 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 one 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.

Of 24 expenditures tested, four in 2009 and one in 2010 or 21 percent of items tested were not properly certified. Furthermore, there was no evidence that any of the above exceptions were utilized. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Additionally, none of the purchase orders contained the signature of the fiscal officer.

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 by signature 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.

We recommend Village officials obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. The Council should establish an amount that the fiscal officer cannot issue a blanket certificate exceeding.

FINDING NUMBER 2010-03

Noncompliance Citation

Ohio Revised Code, Section 5705.40, provides that 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. Amended appropriations in the appropriation ledger were not approved in the minutes or submitted to the County Auditor for certification. As a result, expenditures exceeded appropriations at the legal level of control during the audit period. Council did not approve appropriation amendments of \$9,924 to the General Fund; \$396 to the Street Construction and Maintenance Fund, or \$48,387 to the CDBG Capital Projects Fund in fiscal year 2009. Unapproved appropriation adjustments of \$343 to the General Fund and \$ 1,500 to the Street Construction and Maintenance Fund were posted in 2010. The appropriations, as stated in the accompanying budgetary note to the financial statements, include only appropriation amounts council approved. We recommend the Village Council approve all appropriation amendments in the minutes.

FINDING NUMBER 2010-04

Noncompliance Citation

Ohio Revised Code, Section 5705.36(A)(4), requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation. During fiscal year 2010, the General Fund had appropriations exceeding unencumbered fund balance plus actual receipts of \$2,263. Failure to monitor anticipated revenue and expenditure may result in overspending and negative fund balances. We recommend that the Village monitor revenue and expenditures and obtain a reduced amended certificate if revenue is expected to be less than appropriations.

FINDING NUMBER 2010-05

Noncompliance Citation

Ohio Revised Code, Section 5705.39, states that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. The Village did not properly submit appropriation measures to the County Auditor for certification in 2009, and, thus, the Village did not receive the "Certificate that Total Appropriations from Each Fund Do Not Exceed the Total Official Certificate or Amended Official Estimate" for 2009.

Additionally, the Village had appropriations that exceeded the estimated resources, in 2010, in the General Fund by \$2,629. Failure to do this could result in the Village expending more money than they appropriated and exceeding estimated revenues. We recommend that the Village have all appropriations and supplemental appropriations approved by the Council and certified by the County Auditor and monitor revenues and adjust appropriations accordingly.

FINDING NUMBER 2010-06

Noncompliance Citation

Ohio Revised Code, Section 5705.41(B), prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Expenditures exceeded appropriations in 2009 in the General Fund by \$6,421 and in the CDBG Capital Projects Fund by \$48,387.

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources which could result in overspending and negative fund balances. 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.

FINDING NUMBER 2010-07

Significant Deficiency

The Village should maintain an accounting system and accounting records sufficient to enable them to identify, assemble, analyze, classify, record and report their transactions, maintain accountability for the related assets and liabilities, document compliance with finance-related legal and contractual requirements and prepare financial statements.

There were instances where revenue and expenditures were not properly recorded into the Village's accounting system. During testing of receipts and expenditures we noted the following conditions:

- The Village posted cable franchise fees totaling \$487 as miscellaneous revenue in the General Fund rather than fines, licenses, and permits in 2010.
- The Village posted intergovernmental revenue totaling \$562 as taxes in the General Fund in 2009.
- The Village posted cable franchise fees totaling \$443 as tax revenue in the General Fund rather than fines, licenses, and permits in 2009.
- The Village posted intergovernmental revenue totaling \$552 as tax revenue in the General Fund in 2010.
- The Village posted intergovernmental revenue totaling \$159 to the General Fund that should have been posted to the Street Construction and Maintenance Fund in the amount of \$147 and State Highway Funds in the amount of \$12 in 2010.
- The Village posted lawn mowing expenditures totaling \$700 and \$625 to the Street Construction and Maintenance Fund in 2010 and 2009 respectively. These were improper expenditures for this fund as described in Finding 2010-01.

The Village posted the above audit adjustments to the accompanying financial statements and their accounting records, as applicable.

Furthermore, revenue is only being posted approximately monthly. Failure to post revenue timely may result in overspending and negative fund balances.

**FINDING NUMBER 2010-07
(Continued)**

Failure to properly post revenue and expenditures can result in improper fund balances, misleading financial statements, and can cause the Village to misappropriate funds. We recommend that all receipts and expenditures be properly posted, reviewed for accuracy, and posted in a timely manner. The Fiscal Officer can refer to the Ohio Village Officers' Handbook, available at www.auditor.state.oh.us, Publications, Manuals, and Handbooks, for a description of proper account codes to use.

We did not receive a response from Officials on the findings above.

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**VILLAGE OF PLEASANT PLAIN
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC 5705.34 Necessary Rates Certificate ORC 5705.36(A)(1) Total Amount Available Certificate ORC 5705.36(A)(2) ORC 5705.39 Appropriations exceeding resources ORC 5705.40 Amending Appropriations ORC 5705.41(B)	No No No No No No	Partially Corrected - Repeated in the Management Letter Partially Corrected - Repeated in the Management Letter Not corrected – Repeated in the Management Letter Not Corrected – Repeated in Finding 2010-05 Not Corrected – Repeated in Finding 2010-03 Not Corrected – Repeated in Finding 2010-06
2008-002	ORC 5705.09(F) Special Fund for each source of revenue	No	Partially Corrected – Repeated in Finding 2010-03
2008-003	ORC 5705.10(H), 5735.27 and 4501.04 Restricting purpose of gasoline excise tax and motor vehicle license tax	No	Not Corrected – Repeated in Find 2010-01
2008-004	Not properly posting revenues and expenditures	No	Not Corrected – Repeated in Finding 2010-07

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Dave Yost • Auditor of State

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
DECEMBER 13, 2011