



Dave Yost • Auditor of State

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2009	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2008	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.....	17
Schedule of Findings	19
Schedule of Prior Audit Findings	23

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Dave Yost • Auditor of State

Village of Mount Pleasant
Jefferson County
PO Box 445
Mount Pleasant, Ohio 43939

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.

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Dave Yost
Auditor of State
Columbus, Ohio

May 24, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Mount Pleasant
Jefferson County
PO Box 445
Mount Pleasant, Ohio 43939

To the Village Council:

We have audited the accompanying financial statements of the Village of Mount Pleasant, Harrison County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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. We believe our audit provides a reasonable basis for our opinion.

The accompanying financial statements present receipts and disbursements by fund type totals only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

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 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 District 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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, except for the omission of receipt and disbursement classifications and fund balance reporting for 2009 and 2008, the financial statements referred to above present fairly, in all material respects, the fund cash balances as of December 31, 2009 and 2008 of the Village of Mount Pleasant, Jefferson County and its unclassified cash receipts and unclassified cash disbursements, for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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
Columbus, Ohio

May 24, 2013

VILLAGE OF MOUNT PLEASANT
JEFFERSON 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Total Cash Receipts	<u>\$74,701</u>	<u>\$63,350</u>	<u>\$138,051</u>
Cash Disbursements:			
Total Cash Disbursements	<u>92,531</u>	<u>55,761</u>	<u>148,292</u>
Total Receipts Over/(Under) Disbursements	<u>(17,830)</u>	<u>7,589</u>	<u>(10,241)</u>
Fund Cash Balances, January 1	<u>854</u>	<u>9,236</u>	<u>10,090</u>
Fund Cash Balances, December 31	<u>(\$16,976)</u>	<u>\$16,825</u>	<u>(\$151)</u>

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

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Cash Receipts:	
Total Cash Receipts	<u>\$93,300</u>
Cash Disbursements:	
Total Cash Disbursements	<u>81,540</u>
Net Receipts Over/(Under) Disbursements	11,760
Fund Cash Balances, January 1	<u>7,583</u>
Fund Cash Balances, December 31	<u><u>\$19,343</u></u>

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

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Total Cash Receipts	<u>\$74,877</u>	<u>\$52,996</u>	<u>\$127,873</u>
Cash Disbursements:			
Total Cash Disbursements	<u>81,154</u>	<u>62,608</u>	<u>143,762</u>
Total Receipts Over/(Under) Disbursements	<u>(6,277)</u>	<u>(9,612)</u>	<u>(15,889)</u>
Fund Cash Balances, January 1	<u>7,131</u>	<u>18,848</u>	<u>25,979</u>
Fund Cash Balances, December 31	<u><u>\$854</u></u>	<u><u>\$9,236</u></u>	<u><u>\$10,090</u></u>

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

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Enterprise</u>
Cash Receipts:	
Total Cash Receipts	<u>\$109,838</u>
Cash Disbursements:	
Total Cash Disbursements	<u>117,085</u>
Net Receipts Over/(Under) Disbursements	(7,247)
Fund Cash Balances, January 1	<u>14,830</u>
Fund Cash Balances, December 31	<u><u>\$7,583</u></u>

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

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Mount Pleasant, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general Village of Mount Pleasant, street construction, maintenance and repair, water utilities, park operations, and police services. The Village contracts with the Mount Pleasant Volunteer Fire Department to provide fire protection services.

The Village participates in the Public Entities Pool of Ohio public entity risk pool. Note 7 to the financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local Village of Mount Pleasants. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP).

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).

The Village did not classify its receipts or disbursements in the accompanying financial statements. This is a material departure from the requirements of the Ohio Administrative Code Section 117-02-02(A). This Ohio Administrative Code Section requires classifying receipts and disbursements.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. 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.

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds 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. 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 Fund:

Water Fund - This fund receives charges for services from residents to cover water service costs.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 2009 and 2008 budgetary activity appears in Note 3.

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2009	2008
Total deposits	\$19,192	\$17,673

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$74,701	\$74,701
Special Revenue		63,350	63,350
Enterprise		93,300	93,300
Total	\$0	\$231,351	\$231,351

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$92,531	(\$92,531)
Special Revenue		55,761	(55,761)
Enterprise		81,540	(81,540)
Total	\$0	\$229,832	(\$229,832)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$74,877	\$74,877
Special Revenue		52,996	52,996
Enterprise		109,838	109,838
Total	\$0	\$237,711	\$237,711

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$81,154	(\$81,154)
Special Revenue		62,608	(62,608)
Enterprise		117,085	(117,085)
Total	\$0	\$260,847	(\$260,847)

Contrary to Ohio law, the Village did not adopt appropriations; therefore, budgetary expenditures exceeded appropriation authority in all funds for the years ended December 31, 2009 and 2008. Also, contrary to Ohio law, all appropriations exceeded estimated resources in all funds as the Village did not obtain a certificate of estimated resources.

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 of Mount Pleasant 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.

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. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan # CN22B	\$39,123	0%
Fire Truck Loan # 19319	36,313	7.00%
Issue II Matching Funds Loan # 3785	24,418	6.75%
Police Cruiser Loan # 75680	13,398	4.71%
	\$113,252	

The Ohio Public Works Commission (OPWC) Loan # CN22B was used for the Water System Improvement Phase II Project. The outstanding balance is being repaid in yearly installments of \$3,726 and will mature in 2020. The loan is collateralized by future water revenue.

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt (Continued)

The Fire Truck Loan # 19319 dated October 21, 1998 with an interest rate of 7% was used to purchase a fire truck. The original loan amount of \$68,000 is being repaid in semi-annual payments of \$2,904.64 for 25 years and will mature on November 1, 2022. The taxing authority of the Village is the collateral for the loan.

The Issue II Matching Funds Loan # 3785 dated April 6, 1995 with an interest rate of 6.75% was used to pay the Village's matching funds required for a Street Improvement Project. The original loan amount of \$64,078 is being repaid in monthly payments of \$487 for sixteen years and will mature on July 6, 2011. The loan is collateralized by the Village's taxing authority.

The Police Cruiser Loan # 75680 was issued to purchase a police cruiser for the Village. The loan dated June 6, 2009 was for \$14,710 at 4.71% for 5 years to mature on June 6, 2014. The loan is due in in monthly payments of \$276 and the loan is collateralized by the Village's taxing authority.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OPWC Loan # CN22B	Fire Truck Loan # 19319	Issue II Matching Funds Loan # 3785	Police Cruiser Loan # 75680
2010	\$3,726	\$5,809	\$5,847	\$3,313
2011	3,726	5,809	5,847	3,313
2012	3,726	5,809	5,847	3,313
2013	3,726	5,809	5,847	3,313
2014	3,726	5,809	5,847	1,657
2015-2019	18,630	18,355		
2020-2024	1,863			
Total	<u>\$39,123</u>	<u>\$47,400</u>	<u>\$29,235</u>	<u>\$14,909</u>

6. Retirement System

Ohio Public Employees Retirement System is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has not paid all contributions required through December 31, 2009.

7. Risk Management

The Village of Mount Pleasant is exposed to various risks of property and casualty losses, and injuries to employees.

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Village's share of these unpaid claims collectible in future years is approximately \$7,400.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)

7. Risk Management (Continued)

<u>Contributions to PEP</u>	
<u>2009</u>	<u>2008</u>
\$7,907	\$3,093

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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Dave Yost • Auditor of State

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

Village of Mount Pleasant
Jefferson County
PO Box 445
Mount Pleasant, Ohio 43939

To the Village Council:

We have audited the financial statements of the Village of Mount Pleasant, Jefferson County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 24, 2013, which was qualified since the Village did not classify receipts and disbursements in its financial statements. The Village attempted to follow accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in United States of America. 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-03 as described in the accompanying schedule of findings to be a material weakness.

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 2009-01 through 2009-03.

We also noted certain matters not requiring inclusion in this report that we reported to Village's management in a separate letter dated May 24, 2013.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

May 24, 2013

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-01

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Council if such expenditure is otherwise valid.

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 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 may be outstanding at a particular time for any line item appropriation.

The Clerk/Treasurer did not certify or record the amount against the applicable appropriation accounts for 61% of the tested expenditures in fiscal year 2009 and 75% in 2008. Also, the Then and Now Certificates over \$3,000 were not approved in the minutes by Council. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Clerk/Treasurer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Clerk/Treasurer should certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires authorizing disbursements. The Clerk/Treasurer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Clerk/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2009-02

Noncompliance Citation

Ohio Revised Code Section 5705.38 requires, in part, that on or about the first day of the fiscal year, an appropriation measure be passed. **Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not adopt an appropriation measure for 2009 or 2008 causing 100% of the expenditures to exceed appropriations. Failure to pass an appropriation measure, which serves as a tool by which expenditures can be monitored could result in overspending. The Village should pass an appropriation measure as required so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to established appropriation limitations.

FINDING NUMBER 2009-03

Noncompliance Citation/Material Weakness

Ohio Revised Code Section 733.28 and **Ohio Administrative Code 117-2-02(A)** require the Village clerk/treasurer to maintain accurate and complete accounting records sufficient to assure accountability for all transactions. The following items were noted:

1. Accurate monthly bank reconciliations were not prepared and did not include all bank accounts of the Village during 2009 and 2008. Several transactions were not posted to the Village ledgers.
2. The Village's cash journal, receipts ledger and appropriation ledger were not complete or accurate. The specific deficiencies were that the cash journal did not include all information necessary to properly classify each transaction and the receipts ledger and the appropriation ledger was not used to assemble and classify transactions into separate accounts for each type of receipt or disbursement, respectively. Monthly and year-to-date totals were not presented on the ledgers. The ledgers were not reconciled to the cash journal and did not agree to the original bank reconciliation.
3. The Village ledgers did not record the outstanding checks as disbursements in the proper accounting period.

**FINDING NUMBER 2009-03
 (Continued)**

The deficiencies in the accounting records and the monthly bank to book reconciliations have resulted in adjustments to the financial statements. The Village Clerk/Treasurer has agreed to the adjustments and these corrected amounts are reflected in the accompanying financial statements. The Clerk/Treasurer has agreed to post the adjustments to the Village's accounting records. The adjustments are listed below.

Adjustments – 2009

Fund Name	Account Type	Amount	Description
General	Court Fines Receipts	\$1,643	Receipts not posted on ledger.
General	Intergovernmental Receipts	(\$13,729)	Intergovernmental revenue posted to the General Fund and should have been posted to the following funds: Street CMR \$5,926 State Highway \$481 Permissive MVL \$3,079 Cemetery \$326 EMS \$653 Fire Equipment \$979 Fire Protection \$2,067 Police \$218
General	Disbursements	(\$13,729)	Disbursements posted to the General Fund and should have been posted to the following funds: Street CMR \$5,926 State Highway \$481 Permissive MVL \$3,079 Cemetery \$326 EMS \$653 Fire Equipment \$979 Fire Protection \$2,067 Police \$218
Water	Disbursements	(\$4,745)	To reduce disbursements by the 2008 outstanding checks posted in 2009.
Water	Disbursements	\$589	To increase disbursements by the 2009 outstanding checks not recorded on ledger until 2010.

**FINDING NUMBER 2009-03
 (Continued)**

Adjustments – 2008

Fund Name	Account Type	Amount	Description
General	Beginning Fund Balance	(\$947)	Beginning balance misposted as receipts.
General	Court Fines Receipts	\$830	Receipts not posted on ledger.
General	Intergovernmental Receipts	(\$4,257)	Intergovernmental revenue posted to the General Fund and should have been posted to the following funds: Cemetery \$328 EMS \$655 Fire Equipment \$982 Fire Protection \$2,074 Police \$218
General	Disbursements	(\$4,527)	Disbursements posted to the General Fund and should have been posted to the following funds: Cemetery \$326 EMS \$653 Fire Equipment \$979 Fire Protection \$2,074 Police \$218
Water	Disbursements	(\$3,238)	To reduce disbursements by the 2007 outstanding checks posted in 2008.
Water	Disbursements	\$4,745	To increase disbursements by the 2008 outstanding checks not recorded on ledger until 2009.

Failure to maintain accurate and complete accounting records and consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Clerk/Treasurer should maintain accurate and complete accounting records sufficient to assure accountability for all transactions, including accurate and timely bank to book monthly cash reconciliations and complete and accurate accounting records. The Clerk/Treasurer should also maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to a uniform chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported.

Official's Response

We did not receive a response from officials to the findings reported above.

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-01	Ohio Revised Code Section 5705.41(D) Disbursements were not properly certified.	No	Repeated as Finding Number 2009-01.
2007-02	Ohio Revised Code Section 5705.36 The Village did not file the certificate of total available resources	No	Cited in the management letter
2007-03	Ohio Revised Code Sections 5705.38 and 5705.41(B) The Village did not adopt an appropriation measure therefore, all disbursements exceeded appropriations.	No	Repeated as Finding Number 2009-02.
2007-04	Ohio Revised Code Section 733.28 and Ohio Administrative Code 117-2-02(A) The Village clerk/treasurer did not maintain accurate and complete accounting records.	No	Repeated as Finding Number 2009-03.

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Dave Yost • Auditor of State

VILLAGE OF MOUNT PLEASANT

JEFFERSON 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 30, 2013**