



Dave Yost • Auditor of State

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

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Dave Yost • Auditor of State

ACCOUNTANT'S REPORT

Village of Mount Pleasant
Jefferson County
P. O. Box 445
Mount Pleasant, Ohio 43939

To the Village Council:

We have selectively tested certain accounts, financial records, files and reports of the Village of Mount Pleasant, Jefferson County, (the Village) as of and for the years ended December 31, 2013 and 2012 following Ohio Administrative Code Section 117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we do not express an opinion on them.

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

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

Dave Yost
Auditor of State

April 30, 2015

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**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
<i>Total Cash Receipts</i>	<u>\$51,679</u>	<u>\$70,501</u>	<u>\$122,180</u>
Cash Disbursements			
<i>Total Cash Disbursements</i>	<u>57,722</u>	<u>65,336</u>	<u>123,058</u>
<i>Net Change in Fund Cash Balances</i>	(6,043)	5,165	(878)
<i>Fund Cash Balances, January 1</i>	<u>(22,044)</u>	<u>27,893</u>	<u>5,849</u>
Fund Cash Balances, December 31			
Restricted		33,058	33,058
Unassigned (Deficit)	<u>(28,087)</u>		<u>(28,087)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$28,087)</u></u>	<u><u>\$33,058</u></u>	<u><u>\$4,971</u></u>

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

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	<u>\$93,584</u>
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	<u>95,716</u>
<i>Net Change in Fund Cash Balances</i>	(2,132)
<i>Fund Cash Balances, January 1</i>	<u>6,168</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$4,036</u></u>

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

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
<i>Total Cash Receipts</i>	\$52,324	\$59,284	\$111,608
Cash Disbursements			
<i>Total Cash Disbursements</i>	66,251	51,143	117,394
<i>Net Change in Fund Cash Balances</i>	(13,927)	8,141	(5,786)
<i>Fund Cash Balances, January 1</i>	(8,117)	19,752	11,635
Fund Cash Balances, December 31			
Restricted		27,893	27,893
Unassigned (Deficit)	(22,044)		(22,044)
<i>Fund Cash Balances, December 31</i>	(\$22,044)	\$27,893	\$5,849

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

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

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

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	<u>\$88,698</u>
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	<u>94,820</u>
<i>Net Change in Fund Cash Balances</i>	(6,122)
<i>Fund Cash Balances, January 1</i>	<u>12,290</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$6,168</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, 2013 AND 2012**

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 water utility services, park operations, and police services. The Village contracts with the Mount Pleasant Volunteer Fire Department for fire protection and emergency medical 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 Governments, 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 117-02-029(A), which requires classifying receipts and disbursements.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Fire Equipment Fund – This fund receives levy monies to pay for fire equipment and insurance.

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 Funds:

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 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. 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 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 use the encumbrance method of accounting.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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.

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

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:

	2013	2012
Demand deposits	\$9,007	\$12,017

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$51,679	\$51,679
Special Revenue		70,501	70,501
Enterprise		93,584	93,584
Total	\$0	\$215,764	\$215,764

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$57,722	(\$57,722)
Special Revenue		65,336	(65,336)
Enterprise		95,716	(95,716)
Total	\$0	\$218,774	(\$218,774)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$52,324	\$52,324
Special Revenue		59,284	59,284
Enterprise		88,698	88,698
Total	\$0	\$200,306	\$200,306

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$66,251	(\$66,251)
Special Revenue		51,143	(51,143)
Enterprise		94,820	(94,820)
Total	\$0	\$212,214	(\$212,214)

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, 2013 and 2012. Also, contrary to Ohio law, the Village did not certify their ending balances and obtain a certificate of estimated resources.

The Village also had deficit balances in the General and Cemetery Funds as of December 31, 2013 and 2012, contrary to Ohio law.

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. 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.

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, 2013 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$24,219	0.00%
Fire Truck Loan	20,085	7.00%
Issue II Matching Loan	5,211	6.75%
Police Cruiser Loan	1,656	4.71%
Total	\$51,171	

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, 2013 AND 2012
(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, 2014. 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	Fire Truck Loan	Issue II Matching Loan	Police Cruiser Loan
2014	\$3,726	\$5,809	\$5,847	\$1,656
2015	3,726	5,809		
2016	3,726	5,809		
2017	3,726	5,809		
2018	3,726	928		
2020-2024	5,589			
Total	<u>\$24,219</u>	<u>\$24,164</u>	<u>\$5,847</u>	<u>\$1,656</u>

6. Retirement Systems

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

7. Risk Management

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

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

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

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, 2013, PEP retained \$350,000 for casualty claims and \$100,000 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 net position at December 31, 2012 and 2013.

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Village's share of these unpaid claims collectible in future years is approximately \$4,700.

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, 2013 AND 2012
(Continued)

7. Risk Management (Continued)

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$4,908	\$6,769

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.



Dave Yost • Auditor of State

ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Village of Mount Pleasant
Jefferson County
P.O. Box 445
Mount Pleasant, Ohio 43939

To the Village Council:

We have selectively tested certain accounts, financial records, files and reports of the Village of Mount Pleasant, Jefferson County, (the Village) as of and for the years ended December 31, 2013 and 2012 following Ohio Administrative Code Section 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

Internal Control over Financial Reporting

During our procedures related to the internal control over financial reporting, we noted matters that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, those matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the schedule of findings as items 2013-001 and 2013-005.

Compliance and Other Matters

We tested compliance with certain provisions or laws, regulations, contract, and grant agreements, applicable to the Village. Noncompliance with these requirements could impact the Village's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying schedule of findings as items 2013-001 through 2013-005.

We intend this report solely for the information and use of management, Village Council and others within the Village. It is not intended for anyone other than these specified parties.

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

Dave Yost
Auditor of State

April 30, 2015

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**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Material Noncompliance Citation/ Material Weakness

Ohio Rev. Code § 733.28 and Ohio Admin. Code §117-2-02(A) requires the Village Fiscal Officer to maintain accurate and complete accounting records sufficient to assure accountability for all transactions. The following items were noted:

1. The Village's cash journal was not complete or accurate. The cash journal did not include all information necessary to properly classify each transaction. Monthly and year-to-date totals were not presented on the ledgers. The cash journal was not reconciled to the bank on a monthly basis.
2. Receipt and Appropriation ledgers were not maintained.
3. The Village Fiscal Officer did not always post receipts and disbursements to the proper fund. Intergovernmental receipts including Homestead and Rollback, Permissive Tax, and Auto Registration were incorrectly posted to the cash journal. In addition, water debt payments were not posted to the proper fund.

The deficiencies in the accounting records, monthly reconciliations and the lack of a sufficient accounting system to record transactions resulted in adjustments to the financial statements. The Village Fiscal Officer has agreed to the adjustments and these corrected amounts are reflected in the accompanying financial statements. The adjustments are listed below:

Fund	Receipt Type	Adjustment Amount
2012		
General	Homestead/Rollback	6,451
Police	Homestead/Rollback	212
Fire Equipment	Homestead/Rollback	2,009
Fire Protection	Homestead/Rollback	952
EMS Levy	Homestead/Rollback	635
Cemetery Levy	Homestead/Rollback	317
Street	Homestead/Rollback	(9,783)
State Highway	Homestead/Rollback	(793)
General	Auto Registration	(4,384)
Street	Auto Registration	4,055
State Highway	Auto Registration	329
Permissive MVL	Permissive Tax	555
Street	Permissive Tax	514
State Highway	Permissive Tax	41
Water	Debt Expenditures	3,726
General	Debt Expenditures	(3,726)

**FINDING NUMBER 2013-001
 (Continued)**

2013	Receipt Type	Adjustment Amount
General	Homestead/Rollback	6,527
Police Levy	Homestead/Rollback	214
Fire Equipment	Homestead/Rollback	2,033
Fire Protection	Homestead/Rollback	963
EMS Levy	Homestead/Rollback	642
Cemetery Levy	Homestead/Rollback	321
Street	Homestead/Rollback	(9,897)
State Highway	Homestead/Rollback	(803)
General	Auto Registration	(4,500)
Street	Auto Registration	4,163
State Highway	Auto Registration	337

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 Fiscal Officer 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 Fiscal Officer 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.

FINDING NUMBER 2013-002

Material Noncompliance Citation

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

The Village did not adopt an appropriation measure for 2013 or 2012 causing 100 percent 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 2013-003

Material Noncompliance Citation

Ohio Rev. Code § 5705.36 states that on or about the first day of each fiscal year, the fiscal officer of a subdivision is to certify to the county auditor the total amount from all sources which is available for expenditures and the balances from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Fiscal Officer did not file a certificate showing the total amount from all sources available for expenditures and the balances existing at the end of the year with the county auditor for 2013 or 2012. Failure to file the certificate could result in appropriations exceeding the amounts of available resources.

The Clerk/Treasurer should certify to the county auditor the total amount from all sources to establish limits for Council approved appropriations. A copy of the form filed with the county auditor should be maintained on file at the Village.

FINDING NUMBER 2013-004

Material Noncompliance Citation

Ohio Rev. Code § 5705.10(I) provides that all money paid into a fund must be used for the purpose for which fund had been established. A negative balance indicates that money from another fund(s) has been used to pay the obligations of the fund with the deficit cash balance. The following funds had negative fund balances at December 31:

2012	
General Fund	(22,044)
Cemetery Fund	(337)
2013	
General Fund	(28,086)
Cemetery	(9)

The Fiscal Officer should monitor all fund balances throughout the year and notify Council if a negative fund balance occurs. Controls should be in place to help prevent deficit spending.

FINDING NUMBER 2013-005

Material Noncompliance Citation/Material Weakness

Ohio Admin. Code § 117-2-01 (A) provides that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

Subsection (C) (5) provides that internal control consists of the following component, among others: monitoring, which is a process that assesses the quality of internal control performance over time. Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. Effective monitoring controls assist management in assessing the quality of internal control performance over time. This process involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions.

FINDING NUMBER 2013-005
(Continued)

Monitoring controls should assist management in identifying unexpected results and/or possible misstatements. Some effective monitoring controls include:

- Regular review of monthly financial statements;
- Review of revenues and expenses with independently accumulated information (budgets, past performances, peer group representatives, etc.);
- Review of large or unusual fluctuations;
- Identification of unusual fluctuations;
- Comparison of financial statement position with financial projections and other internally prepared projections of financial position and operating results;
- Comparison of predefined key performance indicators based on the financial statements;
- Review of items which have been outstanding for extended periods of time (outstanding check listing for payroll and non-payroll transactions);
- Monitoring compliance with grant agreements;
- Ensuring that an adequate segregation of duties exists;
- Reviewing of monthly bank reconciliations by someone independent of their preparation; and
- Update bank signatories to ensure only current officials have access to village assets

The Village did not implement any of these controls and a lack of effective monitoring controls could lead to the misallocation or misstatement of village funds, expenditure of funds contrary to the directives of Village Council, and non-compliance with federal or state laws or regulations. This could result in a loss funding from federal and state sources, and errors or irregularities occurring in

failure to provide records and supporting documentation for receipts and expenditures for fiscal years 2013 and 2012 resulted in a disclaimer of opinion on the Village's financial statements.

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Rev. Code § 5705.10(I)	No	Reissued as Finding 2013-004
2011-002	Ohio Rev. Code § 5705.38 and 5705.41 (B)	No	Reissued as Finding 2013-002
2011-003	Ohio Rev. Code § 733.28 and Ohio Admin. Code 117-2-02(A)	No	Reissued as Finding 2013-001
2011-004	Ohio Rev. Code § 5705.41(D)	No	Not reissued as the Village had no appropriations to encumber.
2011-005	Material Weakness – lack of supporting documentation for receipts and disbursements	No	Noted in the management letter

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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
JUNE 9, 2015**