



Dave Yost • Auditor of State



VILLAGE OF MOUNT PLEASANT  
JEFFERSON COUNTY

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# Dave Yost • Auditor of State

## AUDITOR'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, 2015 and 2014 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  
Columbus, Ohio

November 28, 2016

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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, 2015**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
<i>Total Cash Receipts</i>	\$50,100	\$130,429	\$180,529
<b>Cash Disbursements</b>			
<i>Total Cash Disbursements</i>	61,522	133,499	195,021
<i>Net Change in Fund Cash Balances</i>	(11,422)	(3,070)	(14,492)
<i>Fund Cash Balances, January 1</i>	83,844	42,364	126,208
<b>Fund Cash Balances, December 31</b>			
Restricted		42,509	42,509
Unassigned (Deficit)	72,422	(3,215)	69,207
<i>Fund Cash Balances, December 31</i>	\$72,422	\$39,294	\$111,716

*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, 2015

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
<i>Total Operating Cash Receipts</i>	<u>\$90,892</u>
<b>Operating Cash Disbursements</b>	
<i>Total Operating Cash Disbursements</i>	<u>90,607</u>
<i>Net Change in Fund Cash Balances</i>	285
<i>Fund Cash Balances, January 1</i>	<u>9,676</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$9,961</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, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
<i>Total Cash Receipts</i>	\$214,925	\$70,477	\$285,402
<b>Cash Disbursements</b>			
<i>Total Cash Disbursements</i>	102,994	61,171	164,165
<i>Net Change in Fund Cash Balances</i>	111,931	9,306	121,237
<i>Fund Cash Balances, January 1</i>	(28,087)	33,058	4,971
<b>Fund Cash Balances, December 31</b>			
Restricted		42,364	42,364
Unassigned (Deficit)	83,844		83,844
<i>Fund Cash Balances, December 31</i>	\$83,844	\$42,364	\$126,208

*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, 2014

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
<i>Total Operating Cash Receipts</i>	<u>\$85,971</u>
<b>Operating Cash Disbursements</b>	
<i>Total Operating Cash Disbursements</i>	<u>80,331</u>
<i>Net Change in Fund Cash Balances</i>	5,640
<i>Fund Cash Balances, January 1</i>	<u>4,036</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$9,676</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, 2015 AND 2014**

**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 utilities, 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 8 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 Board 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). The Ohio Administrative Code Section 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, 2015 AND 2014  
(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 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 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 2015 and 2014 budgetary activity appears in Note 3.

**VILLAGE OF MOUNT PLEASANT  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(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, 2015 AND 2014  
(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:

	2015	2014
Demand deposits	\$121,677	\$135,884

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$50,100	\$50,100
Special Revenue		130,429	130,429
Enterprise		90,892	90,892
Total	\$0	\$271,421	\$271,421

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$61,522	(\$61,522)
Special Revenue		133,499	(133,499)
Enterprise		90,607	(90,607)
Total	\$0	\$285,628	(\$285,628)

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$214,925	\$214,925
Special Revenue		70,477	70,477
Enterprise		85,971	85,971
Total	\$0	\$371,373	\$371,373

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$102,994	(\$102,994)
Special Revenue		61,171	(61,171)
Enterprise		80,331	(80,331)
Total	\$0	\$244,496	(\$244,496)

**VILLAGE OF MOUNT PLEASANT  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

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, 2015 and 2014. Also, contrary to Ohio law, the Village did not certify their ending balances and obtain a certificate of estimated resources.

The Village also had a deficit balance in the Permissive Motor Vehicle License Tax Fund as of December 31, 2015.

**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.

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, 2015 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$16,767	0%
Fire Truck Loan	\$10,447	7%
Total	\$27,214	

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.

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. However, the Village has made additional loan payments in previous years and the actual loan payoff will be on November 1, 2018. The taxing authority of the Village is the collateral for the loan.

**VILLAGE OF MOUNT PLEASANT  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. DEBT (Continued)**

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

Year ending December 31:	OPWC Loan	Fire Truck Loan
2016	\$3,726	\$5,809
2017	3,726	5,809
2018	3,726	928
2019	3,726	
2020	1,863	
Total	\$16,767	\$12,546

**7. RETIREMENT SYSTEM**

The Village's 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 2015 and 2014, 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, 2015.

**8. RISK MANAGEMENT**

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

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

The Government 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. 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 York. 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, 2015, 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.



**VILLAGE OF MOUNT PLEASANT  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Government's share of these unpaid claims collectible in future years is approximately \$4,000

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.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
5,886	5,667

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

## AUDITOR'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, 2015 and 2014 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, these 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 2015-001, 2015-002, 2015-006 and 2015-007.

### **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 2015-002, 2015-003, 2015-004, 2015-005 and 2015-006.

We intend this report solely for the information and use of management and Village Council.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 28, 2016

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**VILLAGE OF MOUNT PLEASANT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**FINDING NUMBER 2015-001**

**Material Weakness – Posting Receipts and Disbursements**

Sound accounting practices require the Village to maintain an accounting system that enables them to identify, assemble, analyze, classify, record, and report all transactions. The Village Clerk/Treasurer did not correctly record nor classify all receipts and disbursements in 2014 and 2015. This was attributed to the Village Clerk/Treasurer not abiding by the adopted chart of accounts. The Clerk/Treasurer has agreed to and posted the following adjustments, which are reflected in the accompanying financial statements:

<b>2014 Adjustments</b>				
<b>From Fund</b>	<b>Amount</b>	<b>To Fund</b>	<b>Amount</b>	<b>Description</b>
Street Construction, Maintenance and Repair State Highway	\$(10,287)  (397)	General Fire Equipment Fire Protection EMS Cemetery Police	\$6,517 2,030 962 641 320 214	To properly record Homestead and Rollback Revenue.
General	(1,572)	Street Construction, Maintenance and Repair State Highway	1,207  365	To properly record Auto Registration Revenue
Street Construction, Maintenance and Repair	(285)	State Highway	285	To properly record Cents per Gallon Tax Revenue
Street Construction, Maintenance and Repair	(548)	State Highway	548	To properly record Gas Excise Tax Revenue
Street Construction, Maintenance and Repair	(9,913)	General	9,913	To reallocate disbursements in order to eliminate deficit fund balances caused by audit adjustments.

**FINDING NUMBER 2015-001  
 (Continued)**

<b>2015 Adjustments</b>				
<b>From Fund</b>	<b>Amount</b>	<b>To Fund</b>	<b>Amount</b>	<b>Description</b>
Street Construction, Maintenance and Repair	\$(10,439)	General	5,812	To Properly Post Homestead and Rollback Revenue.
		Fire Equipment	1,828	
		Fire Protection	1,072	
		EMS	677	
		Cemetery	282	
State Highway	(397)	Police	1,614	
Street Construction, Maintenance and Repair	(360)	State Highway	360	To Properly Post Auto Registration Revenue
Street Construction, Maintenance and Repair	(285)	State Highway	285	To Properly Post Cents per Gallon Tax Revenue
Street Construction, Maintenance and Repair	(1,609)	General	1,609	To Properly Post HB 64 Revenue
Street Construction, Maintenance and Repair	(12,408)	General	12,408	To reallocate disbursements in order to eliminate deficit fund balances caused by audit adjustments.

The Village Clerk/Treasurer should review the current procedures for recording receipts and disbursements and review the Village Handbook chart of accounts to determine the proper account codes in which to record various transactions.

The Village Clerk/Treasurer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to main accountability. The Village should adopt procedures for the review of posted transactions and subsequent reporting on the financial statements.

## FINDING NUMBER 2015-002

### Noncompliance/Material Weakness – Maintenance of Village Records

**Ohio Rev. Code Ohio §733.28 and Ohio Admin. Code § 117-2-02 (D)** requires all local public offices to maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- (1) Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- (2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- (3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

In 2014 and 2015, the Village lacked procedures to ensure complete and accurate records and did not maintain an accounting system sufficient to accurately record and report the Village's financial activity. The Village did not maintain the following records:

- (1) A complete detailed cash journal
- (2) Receipt and appropriation ledgers.

Failure to maintain complete and accurate accounting records and consistently follow a uniform chart of accounts increases the possibility 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 Village Clerk/Treasurer should maintain accounting records to help enable to the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability of Village funds. All transactions should be properly coded and classified according to a uniform chart of accounts to help ensure financial activity of the Village is accurately recorded and reported.

#### FINDING NUMBER 2015-003

##### Material Noncompliance Citation –Certification of Balances

**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 Village Clerk/Treasurer 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 2014 or 2015. Failure to file the certificate could result in appropriations exceeding the amounts of available resources.

The Village 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 2015-004

##### Material Noncompliance Citation –Appropriation Measure

**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 2014 or 2015 causing 100% of the disbursements 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 disbursements can be monitored and compliance with the Ohio Revised Code provisions can be attained. Disbursements should be limited to established appropriation limitations.

#### FINDING NUMBER 2015-005

##### Material Noncompliance Citation – Negative Fund Balance

**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 has been used to pay the obligations of the fund with the deficit cash balance. At December 31, 2015, the Permissive Motor Vehicle License Fund had a negative fund balance of (\$3,215).

The Village Clerk/Treasurer should monitor all fund balances throughout the year and notify Council if a negative fund balance occurs. Controls should be implemented to help prevent deficit spending.



#### **FINDING NUMBER 2015-006**

##### **Material Noncompliance/Material Weakness – Accurate Monthly Reconciliations**

**Ohio Rev. Code § 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 Village did not prepare accurate monthly bank reconciliations and failed to include all bank accounts of the Village on the reconciliations during 2014 and 2015.

The Clerk/Treasurer should maintain accurate and complete accounting records sufficient to ensure accountability for all transactions, including accurate and timely bank to book monthly cash reconciliations and complete and accurate accounting records.

#### **FINDING NUMBER 2015-007**

##### **Material Weakness – Internal Controls System**

**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.

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.

**FINDING NUMBER 2015-007  
(Continued)**

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, disbursement 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 of funding from federal and state sources, and errors or irregularities occurring in financial transactions which affect the bank reconciliations could go undetected. The Village's failure to provide records and supporting documentation for receipts and expenditures for fiscal years 2014 and 2015 resulted in not being able to express an opinion over the Village's financial statements.

**VILLAGE OF MOUNT PLEASANT  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	<b>Ohio Rev. Code 733.28 and Ohio Admin. Code 117-2-02(A)</b> – Accurate and complete accounting records	No	Not Corrected ,cited as Finding 2015-006
2013-002	<b>Ohio Rev. Code 5705.38 and Ohio Rev. Code 5705.41(B)</b> – Failure to adopt appropriations	No	Not Corrected, cited as Finding 2015-004
2013-003	<b>Ohio Rev. Code 5705.36</b> – Certification of Available Revenue	No	Not Corrected ,cited as Finding 2015-003
2013-004	<b>Ohio Rev. Code 5705.10(I)</b> – Negative Cash Balances	No	Not Corrected ,cited as Finding 2015-005
2013-005	<b>Ohio Admin. Code 117-2-01(A)</b> – Internal Control System	No	Not Corrected, cited as Finding 2015-007

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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  
DECEMBER 27, 2016