



Dave Yost • Auditor of State

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Mount Pleasant, Jefferson County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances, and related notes of the Village of Mount Pleasant, Jefferson County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 12, 2018

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**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash Receipts:			
Cash Receipts	\$ 50,797	\$ 77,354	\$128,151
Cash Disbursements:			
Cash Disbursements	68,649	91,562	160,211
<i>Excess of Receipts (Under) Disbursements</i>	<u>(17,852)</u>	<u>(14,208)</u>	<u>(32,060)</u>
Fund Cash Balances, January 1	<u>62,432</u>	<u>19,959</u>	<u>82,391</u>
Fund Cash Balances, December 31			
Restricted	-	33,382	33,382
Unassigned (Deficit)	<u>44,580</u>	<u>(27,631)</u>	<u>16,949</u>
Fund Cash Balances, December 31	<u><u>\$ 44,580</u></u>	<u><u>\$ 5,751</u></u>	<u><u>\$ 50,331</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
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Cash Receipts:	
Cash Receipts	234,249
Cash Disbursements:	
Cash Disbursements	204,574
<i>Excess of Receipts Over Disbursements</i>	<u>29,675</u>
Fund Cash Balances, January 1	<u>14,517</u>
Fund Cash Balances, December 31	<u><u>44,192</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, 2017

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 9 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 117-203(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 117-203(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, 2017 (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 re-appropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2017 budgetary activity appears in Note 4.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 (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. Non-spendable

The Village classifies assets as non-spendable 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, 2017 (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:

	<u>2017</u>
Demand deposits	\$94,523

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

3. COMPLIANCE

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, 2016.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2017 follows:

<u>2017 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General		\$50,797	\$50,797
Special Revenue		77,354	77,354
Enterprise		234,249	234,249
Total		\$362,400	\$362,400

<u>2017 Appropriations vs. Actual Expenditures</u>			
<u>Fund Type</u>	<u>Actual Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General		\$68,649	(\$68,649)
Special Revenue		91,562	(91,562)
Enterprise		204,574	(204,574)
Total		\$253,241	(\$253,241)

5. 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.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 (Continued)

6. DEBT

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$9,315	0.00%
OWDA	102,874	0.00%
Total	\$112,189	

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 Ohio Water Development Authority Loan #7448 was used for the Water System Improvement Planning. The Village is still receiving loan proceeds in 2018 with repayments to begin in 2018. However, the Village made an early payment in December 2017. In 2018, the Village was approved for a construction loan in which the proceeds from this loan were used to pay off the OWDA Loan 7448.

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

Year ending December 31:	OPWC Loan
2018	3,726
2019	3,726
2020	1,863
Total	\$9,315

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 2017 and 2016, 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, 2017.

8. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 (Continued)

9. 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, 2017, 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 auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

At December 31, 2017 the liabilities above include approximately 11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$7,000.

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.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 (Continued)

9. RISK MANAGEMENT (Continued)

2017 Contributions to PEP
\$11,419

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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**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash Receipts:			
Cash Receipts	<u>\$ 52,564</u>	<u>\$ 76,482</u>	<u>\$129,046</u>
Cash Disbursements:			
Cash Disbursements	<u>62,554</u>	<u>95,817</u>	<u>158,371</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(9,990)</u>	<u>(19,335)</u>	<u>(29,325)</u>
Fund Cash Balances, January 1	<u>72,422</u>	<u>39,294</u>	<u>111,716</u>
Fund Cash Balances, December 31			
Restricted	-	30,922	30,922
Unassigned (Deficit)	<u>62,432</u>	<u>(10,963)</u>	<u>51,469</u>
Fund Cash Balances, December 31	<u><u>\$ 62,432</u></u>	<u><u>\$ 19,959</u></u>	<u><u>\$ 82,391</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
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Cash Receipts:	
Cash Receipts	99,425
Cash Disbursements:	
Cash Disbursements	94,869
<i>Excess of Receipts Over Disbursements</i>	4,556
Fund Cash Balances, January 1	9,961
Fund Cash Balances, December 31	<u>14,517</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, 2016

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 9 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 117-203(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 117-203(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, 2016 (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 re-appropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2016 budgetary activity appears in Note 4.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 (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. Non-spendable

The Village classifies assets as non-spendable 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, 2016 (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:

	<u>2016</u>
Demand deposits	\$96,908

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

3. COMPLIANCE

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, 2017.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2016 follows:

<u>2016 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General		\$52,564	\$52,564
Special Revenue		76,482	76,482
Enterprise		99,425	99,425
Total		\$228,471	\$228,471

<u>2016 Appropriations vs. Actual Expenditures</u>			
<u>Fund Type</u>	<u>Actual Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General		\$62,554	(\$62,554)
Special Revenue		95,817	(95,817)
Enterprise		94,869	(94,869)
Total		\$253,240	(\$253,240)

5. 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.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 (Continued)

6. DEBT

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$11,178	0.00%
Fire Truck Loan	5,232	7.00%
OWDA	401	0.00%
Total	\$16,811	

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 by September 30, 2017. The taxing authority of the Village is the collateral for the loan.

The Ohio Water Development Authority Loan #7448 was used for the Water System Improvement Planning. The Village is still receiving loan proceeds in 2017 with repayments to begin in 2018.

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

Year ending December 31:	OPWC Loan	Fire Truck Loan
2017	1,863	5,809
2018	3,726	928
2019	3,726	
2020	1,863	
Total	\$11,178	\$6,737

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 2017 and 2016, 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, 2017.

8. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 (Continued)

9. 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, 2016, 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 auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government's share of these unpaid claims collectible in future years is approximately \$7,000.

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.

VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 (Continued)

9. RISK MANAGEMENT (Continued)

2016 Contributions to PEP
\$11,704

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Mount Pleasant, Jefferson County, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated December 12, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to the Village not classifying receipts and disbursements.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-003 through 2017-005 to be material weaknesses.

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, opining 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 2017-001 through 2017-002.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 12, 2018

**VILLAGE OF MOUNT PLEASANT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Noncompliance – Appropriation Measure

Ohio Revised 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 2017 or 2016 causing 100% of the disbursements to exceed appropriations. Failure to pass an appropriation measure, which serves as a tool by which disbursements can be monitored, could result in overspending.

The Village should pass an appropriation measure as required so disbursements can be monitored and to help ensure compliance with the Ohio Revised Code. Disbursements should then be limited to established appropriation limitations.

FINDING NUMBER 2017-002

Findings for Recovery

Ohio Rev. Code § 145.03 requires compulsory membership in the Ohio Public Employees Retirement System (OPERS) for all eligible employees. In addition, OPERS deductions are to be held in accordance with the percentages outlined in the above Ohio Revised Code Section and if employee percentages will be picked-up by the Village, approval should be denoted in the Council minutes.

Two employees were overcompensated as a result of OPERS not being withheld from the employees' payroll checks. The amounts that should have been withheld and paid by the Village for each employee in 2017 and 2016 are as follows:

Name	Year	Annual Wages	10% should have been withheld	Amount Paid by Village	Overpayment
Thomas L Thomas	2016	\$11,117	\$1,112	\$1,112	\$1,112
Thomas L Thomas	2017	6,966	696	696	696
Tony Panepucci	2016	1,510	151	151	151
Tony Panepucci	2017	1,055	105	105	105

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Thomas Thomas in the amount of \$1,808 and in the favor of the Police fund, and Tony Panepucci in the amount of \$256 and in favor of the Street Fund.

FINDING NUMBER 2017-002
(Continued)

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State ex. Rel. Village of Linndale v. Masten*, 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Fiscal Officer Candace Panepucci failed to withhold the proper amounts of OPERS resulting in the improper payments. Fiscal Officer Candace Panepucci and her bonding company, Western Surety Company, are jointly and severally liable in the amount of \$2,064 and in the favor of the Village of Mount Pleasant Police and Street Funds to the extent that recovery is not obtained from Thomas Thomas and Tony Panepucci.

The Fiscal Officer should review the payroll reports to ensure OPERS is withheld for all employees. In addition, the Fiscal Officer should ensure the Village is not paying for the employee portion of OPERS withholdings. This could result in additional findings for recovery.

FINDING NUMBER 2017-003

Material Weakness – Posting Financial Activity

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound financial reporting is the responsibility of the Village Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Fiscal Officer did not correctly record all receipts and disbursements in 2017 and 2016. The Fiscal Officer has agreed to the adjustments below which are reflected in the accompanying financial statements. In addition, the fiscal officer has posted the adjustments to the Village records.

FINDING NUMBER 2017-003
 (Continued)

2017 Adjustments:

Fund Adjusted to	Line item:	Amount	Fund Adjusted From/Explanation:
Water Deposit	Total Cash Receipts	\$11	Not included on Hinkle filed report.
General Police Special Revenue Fire Equipment Special Revenue Fire Protection Special Revenue EMS Special Revenue Cemetery Special Revenue	Total Cash Receipts	5,627 1,563 1,770 1,038 656 273	Street Special Revenue(10,107) and State Highway Special Revenue (820)
Water Enterprise	Total Cash Receipts Total Cash Disbursements	400 400	OWDA Fee not posted
Cemetery Special Revenue	Total Cash Disbursements	563	General
State Highway Special Revenue	Total Cash Receipts Total Cash Receipts	3,523 719	Street Special Revenue General

2017 Reclassifications:

Fund	Line Item	Amount	Reclassified to
General	Nonspendable Fund Cash Balance	\$44,581	Unassigned Fund Cash Balance
Special Revenue Funds:			
Street	Nonspendable Fund Cash Balance	(27,631)	Unassigned Fund Cash Balance
State Highway	Nonspendable Fund Cash Balance	6,073	Restricted Fund Cash Balance
Permissive Motor Vehicle License	Nonspendable Fund Cash Balance	3,132	Restricted Fund Cash Balance
Fire Equipment	Nonspendable Fund Cash Balance	8,889	Restricted Fund Cash Balance
Fire Protection	Nonspendable Fund Cash Balance	3,877	Restricted Fund Cash Balance
EMS	Nonspendable Fund Cash Balance	6,400	Restricted Fund Cash Balance
Cemetery	Nonspendable Fund Cash Balance	1,580	Restricted Fund Cash Balance
Police	Nonspendable Fund Cash Balance	3,430	Restricted Fund Cash Balance

FINDING NUMBER 2017-003
 (Continued)

2016 Adjustments:

Fund Adjusted to	Line item:	Amount	Fund Adjusted From/Explanation:
Street Special Revenue	Fund Cash Balances, January 1	\$3,726	Water
Water Deposit Enterprise	Fund Cash Balances, January 1	2,529 5	Not included in the annual filing.
General	Total Cash Receipts	4,365 60	Street Special Revenue State Highway Special Revenue
General Police Special Revenue Fire Equipment Special Revenue Fire Protection Special Revenue EMS Special Revenue Cemetery Special Revenue	Total Cash Receipts	5,672 1,575 1,784 1,046 661 275	Street Special Revenue
Water Enterprise	Total Cash Receipts Expense Total Cash Disbursements	400 400	OWDA Fee not posted

2016 Reclassifications:

Fund	Line Item	Amount	Reclassified to
General	Nonspendable Fund Cash Balance	\$62,432	Unassigned Fund Cash Balance
Special Revenue Funds:			
Street	Nonspendable Fund Cash Balance	(10,963)	Unassigned Fund Cash Balance
State Highway	Nonspendable Fund Cash Balance	666	Restricted Fund Cash Balance
Permissive Motor Vehicle License	Nonspendable Fund Cash Balance	2,641	Restricted Fund Cash Balance
Park	Nonspendable Fund Cash Balance	2,533	Restricted Fund Cash Balance
Fire Equipment	Nonspendable Fund Cash Balance	9,918	Restricted Fund Cash Balance
Fire Protection	Nonspendable Fund Cash Balance	3,945	Restricted Fund Cash Balance
EMS	Nonspendable Fund Cash Balance	7,635	Restricted Fund Cash Balance
Cemetery	Nonspendable Fund Cash Balance	1,869	Restricted Fund Cash Balance
Police	Nonspendable Fund Cash Balance	1,713	Restricted Fund Cash Balance

FINDING NUMBER 2017-003
(Continued)

Other mispostings were identified; however they were not material and the Village decided not to make the adjustments.

Although the 2016 filed report included the proper beginning balances, the balances per the Village's ledgers for the Street Special Revenue Fund and Water Enterprise had a variance of \$3,726 and an adjustment was proposed to correct the Village's beginning balance.

In addition, in 2017 and 2016, 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 (did not contain check numbers or monthly totals); and
2. A detailed Receipts and Appropriation ledger was not maintained for 2017 and 2016.

This led to the Village presenting unclassified financial statements which is violation of Ohio Administrative Code Section 117-2-02(A) and a modified financial statement opinion.

Adjustments to the Financial Statement Notes include:

- The 2017 Notes to the Financial Statements had the following errors:
 - The total demand deposits within the Equity in Pooled Deposits Note did not agree to the ending fund balance within the financial statements;
 - The actual receipts and expenses reported in the Budgetary Activity Note did not agree to the financial statements;
 - The ending balances and amortization schedule figures in the Debt Note did not agree to the debt agreements; and
 - The Post-employment benefits note was omitted.
- The 2016 Notes to the Financial Statements had the following errors:
 - The total demand deposits within the Equity in Pooled Deposits Note did not agree to the ending fund balance within the financial statements;
 - The actual receipts and expenses reported in the Budgetary Activity Note did not agree to the financial statements;
 - The ending balances and amortization schedule figures in the Debt Note did not agree to the debt agreements; and
 - The Post-employment benefits note was omitted.

The Village did not have procedures in place to record/report transactions properly.

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 Fiscal Officer should 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 the chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported. In addition, the Village should review the financial statements and notes prior to report submission.

FINDING NUMBER 2017-004

Material Weakness – Control Deficiency/Cash Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of 2017 and 2016. Failure to reconcile monthly increases the possibility the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

FINDING NUMBER 2017-005

Material Weakness – Lack of Oversight Over Financial Transactions

Due to the small size of the Village the segregating of fiscal duties is not possible. The Village relies on the fiscal officer to record all financial activity. As a result, the Village Council, as the administrative body, is responsible for performing an independent review of transactions.

Fraud risks are increased as inappropriate or unauthorized transactions are possible since one individual controls the financial transactions. Moreover, lack of supervision by the Council has resulted in errors in the financial records, transactions not posted timely, circumventing of the accounting system, and the presentation of unclassified financial statements.

The Village Council is responsible for oversight of the financial records and transactions of the Village and should take an active role in the operations. The Council should review all monthly reconciliations for accuracy and help ensure all transactions are recorded timely. The Council should ensure all transactions are recorded in the Village's accounting records and deposits are made timely. In addition, the Council should ensure Village transactions are handled by the Fiscal Officer only, if that is their preference. Monthly fund financial reports and monthly reconciliations should be presented to the Village Council for their review. Implementation of these procedures may help strengthen internal control over the accounting cycle and reduce the risk of errors, fraud and/or theft.

Officials' Response: We did not receive a response from Officials to the findings reported above.

VILLAGE of MT. PLEASANT

Office of the Mayor

P.O. Box 445 * Mt. Pleasant, Ohio 43939

740-769-0124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2017 and 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material Weakness – Proper Posting of Receipts and Disbursements	Not Corrected	Re-Issued as Finding 2017-003
2015-002	Ohio Rev. Code 733.28 and Ohio Admin. Code 117-2-02(D) – Maintenance of Village Records	Not Corrected	Re-Issued as Finding 2017-003
2015-003	Ohio Rev. Code 5705.36 – Certification of Balances	Not Corrected	Cited as noncompliance in the management letter
2015-004	Ohio Rev. Code 5705.38 and Ohio Rev. Code 5705.41(B) – Failure to adopt appropriations	Not Corrected	Re-Issued as Finding 2017-001
2015-005	Ohio Rev. Code 5705.10(I) – Negative Fund Balance	Fully Corrected	
2015-006	Ohio Rev. Code 733.28 and Ohio Admin. Code 117-2-02(A) – Accurate Monthly Reconciliations	Not Corrected	Re-Issued as Finding 2017-004
2015-007	Ohio Admin. Code 117-2-01(A) – Internal Controls System	Not Corrected	Re-Issued as Finding 2017-005

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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
JANUARY 3, 2019**