



Dave Yost • Auditor of State



MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings.....	19

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Mount Pleasant Township  
Jefferson County  
518 Pinewood Drive  
Adena, Ohio 43901

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Mount Pleasant Township, Jefferson County, (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***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 Township'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 Township's internal control. Accordingly, we express no 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 opinion.

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

As described in Note 1 of the financial statements, the Township 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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 Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Mount Pleasant Township, Jefferson County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements 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 July 23, 2014, on our consideration of the Township'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 Township's internal control over financial reporting and compliance.



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

July 23, 2014

**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$19,197	\$133,888	\$153,085
Licenses, Permits and Fees	9,678		9,678
Intergovernmental	43,640	118,057	161,697
Special Assessments		1,984	1,984
Earnings on Investments	31	32	63
Miscellaneous	3,150		3,150
<i>Total Cash Receipts</i>	<u>75,696</u>	<u>253,961</u>	<u>329,657</u>
<b>Cash Disbursements</b>			
Current:			
General Government	50,644	13,605	64,249
Public Safety	575	85,692	86,267
Public Works	3,863	118,142	122,005
Health	280		280
Conservation-Recreation		3,000	3,000
Other		11,061	11,061
Capital Outlay	3,750		3,750
Debt Service:			
Principal Retirement		10,845	10,845
Interest and Fiscal Charges		1,319	1,319
<i>Total Cash Disbursements</i>	<u>59,112</u>	<u>243,664</u>	<u>302,776</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,584</u>	<u>10,297</u>	<u>26,881</u>
Special Item		<u>3,000</u>	<u>3,000</u>
<i>Net Change in Fund Cash Balances</i>	16,584	13,297	29,881
<i>Fund Cash Balances, January 1</i>	<u>336</u>	<u>60,562</u>	<u>60,898</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		73,859	73,859
Unassigned (Deficit)	<u>16,920</u>		<u>16,920</u>
<i>Fund Cash Balances, December 31</i>	<u>\$16,920</u>	<u>\$73,859</u>	<u>\$90,779</u>

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

**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$19,193	\$140,432	\$159,625
Licenses, Permits and Fees	9,705		9,705
Intergovernmental	21,920	110,559	132,479
Special Assessments		2,253	2,253
Earnings on Investments	32	57	89
<i>Total Cash Receipts</i>	<u>50,850</u>	<u>253,301</u>	<u>304,151</u>
<b>Cash Disbursements</b>			
Current:			
General Government	44,945	9,330	54,275
Public Safety	400	92,138	92,538
Public Works	4,077	132,526	136,603
Health	2,069		2,069
Conservation-Recreation		3,000	3,000
Other		15,677	15,677
Capital Outlay	2,450		2,450
Debt Service:			
Principal Retirement		10,383	10,383
Interest and Fiscal Charges		1,780	1,780
<i>Total Cash Disbursements</i>	<u>53,941</u>	<u>264,834</u>	<u>318,775</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,091)</u>	<u>(11,533)</u>	<u>(14,624)</u>
Special Item		<u>3,000</u>	<u>3,000</u>
<i>Net Change in Fund Cash Balances</i>	(3,091)	(8,533)	(11,624)
<i>Fund Cash Balances, January 1</i>	<u>3,427</u>	<u>69,095</u>	<u>72,522</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		60,562	60,562
Unassigned (Deficit)	<u>336</u>		<u>336</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$336</u></u>	<u><u>\$60,562</u></u>	<u><u>\$60,898</u></u>

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



**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Mount Pleasant Township, Jefferson County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and general government services. The Township contracts with the Dillonvale, Mount Pleasant, Adena, and Harrisville Volunteer Fire Departments to provide fire services and ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA) is a risk sharing pool to provide property and casualty coverage to its members.

The Township's management believes these financial statements present all activities for which the Township is financially accountable

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township 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.

**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds**

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Mount Pleasant Emergency Medical Services Levy Fund - This fund receives tax levy money to pay for contracted emergency medical services.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

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

**F. Fund Balance**

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

**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Nonspendable**

The Township 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**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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 Township Trustees or a Township 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 Township 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.

**G. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	2013	2012
Demand deposits	\$90,779	\$60,898

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

**3. BUDGETARY ACTIVITY**

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

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,000	\$75,696	\$6,696
Special Revenue	274,755	256,961	(17,794)
Total	\$343,755	\$332,657	(\$11,098)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$70,395	\$59,112	\$11,283
Special Revenue	331,477	245,859	85,618
Total	\$401,872	\$304,971	\$96,901

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,100	\$50,850	(\$17,250)
Special Revenue	275,139	256,301	(18,838)
Total	\$343,239	\$307,151	(\$36,088)

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,527	\$54,488	\$17,039
Special Revenue	336,995	269,294	67,701
Total	\$408,522	\$323,782	\$84,740

**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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 Township.

**5. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
General Obligation Notes	25,148	4.25%

The Township issued a general obligation note during 2011 to finance the purchase of a new dump truck for township road maintenance. The Township's taxing authority collateralized the note.

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

Year ending December 31:	General Obligation Note
2014	12,167
2015	12,167
2016	2,028
Total	\$26,362

**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

**6. RETIREMENT SYSTEMS**

The Township'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 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013

**7. RISK MANAGEMENT**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2012 (the latest information available):

	<u><b>2013</b></u>	<u><b>2012</b></u>
Assets	\$34,954,286	\$34,771,270
Liabilities	<u>(8,486,363)</u>	<u>(9,355,082)</u>
Net Position	<u>\$26,467,923</u>	<u>\$25,416,188</u>

**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

As of December 31, 2013, The Township's share of these unpaid claims collectible in future years is approximately \$ 1,900.

Based on discussions with OTARMA, the expected rates OTARMA 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 OTARMA for each year of membership.

<b><u>Contributions to OTARMA</u></b>	
<b><u>2013</u></b>	<b><u>2012</u></b>
\$3,442	\$3,481

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA 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 the pool. 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

Mount Pleasant Township  
Jefferson County  
518 Pinewood Drive  
Adena, Ohio 43901

To the Board of Trustees:

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 Mount Pleasant Township, Jefferson County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 23, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township'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. We consider finding 2013-002 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township'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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

***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 Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

July 23, 2014

**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2013-001**

**Noncompliance Citation**

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

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D) (3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees if such expenditure is otherwise valid.
2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Township did not certify or record the amount against the applicable appropriation accounts for 26 percent of tested expenditures in 2013 and 2012. The Township did not properly utilize the certification exceptions described above for those expenditures lacking prior certification. Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending in negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**Finding Number 2013-001  
 (Continued)**

To help improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

The Township should certify the full purchase amounts to which section Ohio Revised Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code § 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Revised Code § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Finding Number 2013-002**

**Material Weakness**

The Township failed to properly code and classify the following receipts and disbursements in 2013 and 2012 which resulted in reclassifications and adjustments to the financial statements. The Township Fiscal Officer has agreed to the reclassifications and adjustment and these corrected amounts are reflected in the accompanying financial statements.

**2012:**

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Adjustment:</b>			
Motor Vehicle License Tax Fund	Intergovernmental Revenue	\$767	Recorded as General Fund Intergovernmental Revenue.
<b>Reclassifications:</b>			
Gasoline Tax Fund	Principal Retirement Expenditures	\$7,798	Recorded as Public Works Expenditures.
Gasoline Tax Fund	Interest and Fiscal Charges Expenditures	\$1,325	Recorded as Public Works Expenditures.
Road and Bridge Fund	Principal Retirement Expenditures	\$2,585	Recorded as Public Works Expenditures
Road and Bridge Fund	Interest and Fiscal Charges Expenditures	\$456	Recorded as Public Works Expenditures
General Fund	Intergovernmental Revenue	\$3,512	Recorded as Property Taxes Revenue
Road and Bridge Fund	Intergovernmental Revenue	\$6,834	Recorded as Property Taxes Revenue
Fire Apparatus Fund	Intergovernmental Revenue	\$675	Recorded as Property Taxes Revenue
Fire Levy Fund	Intergovernmental Revenue	\$1,680	Recorded as Property Taxes Revenue
Road Levy Fund	Intergovernmental Revenue	\$3,075	Recorded as Property Taxes Revenue
Emergency Medical Services Fund	Intergovernmental Revenue	\$361	Recorded as Property Taxes Revenue
Mount Pleasant Emergency Medical Service Fund	Intergovernmental Revenue	\$5,132	Recorded as Property Taxes Revenue

**Finding Number 2013-002  
 (Continued)**

**2013:**

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Reclassifications:</b>			
Gasoline Tax Fund	Principal Retirement Expenditures	\$2,825	Recorded as Public Works Expenditures.
Gasoline Tax Fund	Interest and Fiscal Charges Expenditures	\$390	Recorded as Public Works Expenditures.
Road and Bridge Fund	Principal Retirement Expenditures	\$8,020	Recorded as Public Works Expenditures
Road and Bridge Fund	Interest and Fiscal Charges Expenditures	\$929	Recorded as Public Works Expenditures
General Fund	Intergovernmental Revenue	\$3,738	Recorded as Property Taxes Revenue
Road and Bridge Fund	Intergovernmental Revenue	\$7,363	Recorded as Property Taxes Revenue
Fire Apparatus Fund	Intergovernmental Revenue	\$660	Recorded as Property Taxes Revenue
Fire Levy Fund	Intergovernmental Revenue	\$1,635	Recorded as Property Taxes Revenue
Road Levy Fund	Intergovernmental Revenue	\$3,313	Recorded as Property Taxes Revenue
Emergency Medical Services Fund	Intergovernmental Revenue	\$698	Recorded as Property Taxes Revenue
Mount Pleasant Emergency Medical Service Fund	Intergovernmental Revenue	\$9,906	Recorded as Property Taxes Revenue

We also noted a few items that were misclassified but were not material to the financial statements. The financial statements were not adjusted for these additional immaterial misstatements.

Failure to consistently follow a uniform chart of accounts increases the possibility that the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Township Fiscal Officer should maintain the accounting system to enable the Township 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 UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported.

**Official's Response:**

There was no official response provided by the Township.

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**MOUNT PLEASANT TOWNSHIP  
JEFFERSON COUNTY**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2011-01	Ohio Revised Code Section 5705.41D – Certification of Expenditures	Not Corrected	Reissued as Finding 2013-001
2011-02	Ohio Revised Code Section 5705.39 – Appropriations exceeded Estimated Resources	Partially Corrected	Reissued in the Management Letter
2011-03	Ohio Revised Code Section 5705.41B – Expenditures exceeded Appropriations	Partially Corrected	Reissued in the Management Letter
2011-04	Material Weakness – Failure to accurately post receipts and expenditures	Not Corrected	Reissued as Finding Number 2013-002

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# Dave Yost • Auditor of State

**MT. PLEASANT TOWNSHIP**

**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  
SEPTEMBER 11, 2014**