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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF MOUNT PLEASANT*

*JEFFERSON COUNTY*

*A&A*  
**REGULAR AUDIT**

FOR THE YEAR ENDED

DECEMBER 31, 2021

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
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OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Village Council  
Village of Mount Pleasant  
PO Box 445  
Mount Pleasant, Ohio 43939

We have reviewed the *Independent Auditor's Report* of the Village of Mount Pleasant, Jefferson County, prepared by Alger & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Mount Pleasant is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**June 23, 2022**

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VILLAGE OF MOUNT PLEASANT  
JEFFERSON COUNTY

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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## **INDEPENDENT AUDITOR'S REPORT**

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

To the Members of Council and the Mayor:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Mount Pleasant, Jefferson County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2021, or the changes in financial position thereof for the year then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.




- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.

 Digitally signed by Karen S Alger,  
CPA  
DN: cn=Karen S Alger, CPA,  
o=Alger & Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
Date: 2022.06.03 14:49:41 -04'00'

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

March 23, 2022

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**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
**Combined Statement of Receipts, Disbursements and Changes in Fund  
Balances - (Regulatory Cash Basis) All Governmental Fund Types**  
**For the Year Ended December 31, 2021**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$36,630	\$63,656	\$100,286
Intergovernmental	18,657	65,347	84,004
Fines, Licenses and Permits		1,826	1,826
Earnings on Investments	27	8	35
Miscellaneous	7,895	1,171	9,066
<i>Total Cash Receipts</i>	<u>63,209</u>	<u>132,008</u>	<u>195,217</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property		66,101	66,101
Leisure Time Activities	1,575	10,000	11,575
Basic Utility Services	12,850		12,850
Transportation		79,009	79,009
General Government	69,229	21,724	90,953
Capital Outlay		28,474	28,474
Debt Service:			
Redemption of Principal		764	764
Interest and Other Fiscal Charges		57	57
<i>Total Cash Disbursements</i>	<u>83,654</u>	<u>206,129</u>	<u>289,783</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,445)</u>	<u>(74,121)</u>	<u>(94,566)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Loan Proceeds		28,474	28,474
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>28,474</u>	<u>28,474</u>
<i>Net Change in Fund Cash Balances</i>	(20,445)	(45,647)	(66,092)
<i>Fund Cash Balances , January 1</i>	<u>132,003</u>	<u>55,453</u>	<u>187,456</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$111,558</u></u>	<u><u>\$9,806</u></u>	<u><u>\$121,364</u></u>

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

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Combined Statement of Receipts, Disbursements and*  
*Changes in Fund Balance (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$155,680
Miscellaneous	4,987
	<u>160,667</u>
<i>Total Operating Cash Receipts</i>	<u>160,667</u>
<b>Operating Cash Disbursements</b>	
Personal Services	47,862
Employee Fringe Benefits	14,004
Contractual Services	89,855
Supplies and Materials	11,811
	<u>163,532</u>
<i>Total Operating Cash Disbursements</i>	<u>163,532</u>
<i>Operating Income (Loss)</i>	<u>(2,865)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Principal Retirement	(43,972)
Interest and Other Fiscal Charges	(10,945)
	<u>(54,917)</u>
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(54,917)</u>
<i>Net Change in Fund Cash Balances</i>	(57,782)
<i>Fund Cash Balances, January 1</i>	<u>79,917</u>
<i>Fund Cash Balances, December 31</i>	<u>\$22,135</u>

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

**Village of Mount Pleasant, Ohio**  
**Jefferson County**  
*Combined Statement of Additions, Deductions and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2021*

	Fiduciary Fund Type
	Custodial
<i>Net Change in Fund Balances</i>	\$0
<i>Fund Cash Balances, January 1</i>	2,635
<i>Fund Cash Balances, December 31</i>	\$2,635

*See accompanying notes to the basic financial statements*

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**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 1 – Reporting Entity**

The Village of Mount Pleasant (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities, street maintenance and repair, park operations, and police services. The Village contracts with The Mount Pleasant Volunteer Fire Department to receive fire protection services and Emergency Medical Services (EMS).

***Public Entity Risk Pools***

The Village participates in a public entity risk pool and is associated with 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 Entities Excess Pool (APEEP). Notes 7 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

***Fire Protection Fund:*** This fund received levy monies to pay for fire protection used by the Mt. Pleasant Volunteer Fire Department as well as their annual insurance premiums.

***Police Fund:*** The police fund received tax levy monies to support the village police department for coverage at least 40+ hours per week. Monies are also used for equipment and certifications used by the police department for the protection of the village.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 2 – Summary of Significant Accounting Policies** *(continued)*

**Enterprise Funds:** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** The water fund receives payments from water customers and accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. The fund also covers costs for the Village Administrator salary as well as the Water Superintendent wages.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund account is for Water Depository when new water customers deposit money to turn their water on or when residents move from their property and their deposit is refunded.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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).

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

***Budgetary Process***

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

**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. Unencumbered appropriations lapse at year end.

**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 approve estimated resources.



**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 2 – Summary of Significant Accounting Policies** *(continued)*

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2021 budgetary activity appears in Note 4.

**Capital Assets**

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

**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:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

**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.

**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Compliance**

Contrary to Ohio law §5705.41(D), the Village did not properly certify 85% of the expenditures tested prior to incurring the obligations.

Contrary to Ohio law §5705.41(B), budgetary expenditures exceeded appropriation authority in the Cares Act Fund by \$14,769 and the American Rescue Act Fund by \$19,500 for the year ending December 31, 2021. In addition, the adjusted budgetary expenditures exceeded appropriation authority in the Police Levy Fund by \$11,909 for loan proceeds used to purchase police cruiser. Furthermore contrary to Ohio law §5705.36(A), the Village did not obtain an amended official certificate of estimated resources for the Policy Levy Fund for the same amount for the year ended December 31, 2021.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,250	\$63,209	(\$46,041)
Special Revenue	110,562	160,482	49,920
Enterprise	156,000	160,667	4,667
<b>Total</b>	<b>\$375,812</b>	<b>\$384,358</b>	<b>\$8,546</b>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$117,606	\$83,654	\$33,952
Special Revenue	164,400	206,129	(41,729)
Enterprise	218,700	218,449	251
<b>Total</b>	<b>\$500,706</b>	<b>\$508,232</b>	<b>(\$7,526)</b>

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

	2021
Demand deposits	\$146,134

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village has remitted all employee payroll withholdings.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 5 – Deposits and Investments** *(continued)*

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (PEP). The Pool assumes the risk of loss up to the limits of The Village of Mount Pleasant policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

***Social Security***

One of the Village Council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employee contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

**Note 9 – Postemployment Benefits**

OPERS offer 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

**Note 10 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
OWDA Loan 8151	\$828,041	1.02%
OWDA Loan 8164	46,782	1.65%
OWDA Loan 8867	304,868	0.50%
2021 Police Cruiser Loan	27,710	2.40%
Total	\$1,207,401	

The Ohio Water Development Authority (OWDA) loan 8151 and 8164 relates to a water project to improve Fresh and Drinking Water within The Village. The OWDA approved up to \$922,767 in loans to the Village for this project. The Village will repay loan 8151 in semiannual installments of \$16,998.93, including interest, over 30 years. The Village will repay the loan 8164 in semiannual installments of \$1,507.33, including interest, over 20 years.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt** *(continued)*

The Ohio Water Development Authority (OWDA) loan 8867 related to the Village’s Water Tower Improvement Project to repair, clean and recoat the Water Tower. The OWDA approved up to \$340,362 in loans to the Village for this project. The Village will repay loan 8867 in semiannual installments of \$8,952.23, including interest, over 20 years.

The Village of Mt. Pleasant Police Department purchasing a new 2021 Ford Interceptor Police Cruiser. This was due to the two village police cruisers being inspected and deemed unsafe for operation. The Village will repay loan in monthly installments of \$820.93 including principal and interest over 36 months with final payment in December 2023.

The scheduled payment amounts below assumes that the full \$1,263,129 was borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

***Amortization***

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

Year Ending December 31:	OWDA Loan 8151	OWDA Loan 8164	OWDA Loan 8867	CNB Loan 12019857-10015
2022	\$33,997.86	\$3,014.66	\$17,904.46	\$9,851.16
2023	33,997.86	3,014.66	17,904.46	9,551.16
2024	33,997.86	3,014.66	17,904.46	9,851.16
2025	33,997.86	3,014.66	17,904.46	
2026	33,997.86	3,014.66	17,904.46	
2027-2031	169,989.30	15,073.30	89,522.30	
2032-2036	169,989.30	15,073.30	89,522.30	
2037-2041	169,989.30	12,058.64	71,617.84	
2042-2046	169,989.30			
2047-2050	135,991.44			
Total	<u>\$985,937.94</u>	<u>\$57,278.54</u>	<u>\$340,184.74</u>	<u>\$29,253.48</u>

**Note 11 – Public Entity Risk Pool**

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

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. 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 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.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 12 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The Village had no outstanding encumbrances at year end.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated

During 2021, the Village received the first half of The American Rescue Act funding in the amount of \$23,202.36, which is in fund 2052 American Rescue Act. \$19,500 was spent on a 2021 Ford Explorer Police Cruiser because the two cruisers owned by the village were deemed unsafe by a mechanic. This expenditure was from the American Rescue Act Special Revenue Fund on the accompanying financial statements.



**ALGER & ASSOCIATES, Inc.**

*Certified Public Accountants*

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**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 Members of Council and the Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Village of Mount Pleasant, Jefferson County, (the Village) and have issued our report thereon dated March 23, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. Furthermore, we noted as described in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 through 2021-006 that we consider to be material weaknesses.

6927 Burgundy Ave. NW  
North Canton, OH 44720  
Phone - 330-353-5851  
FAX - 330-768-7574

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001 through 2021-005.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Karen S Alger,** Digitally signed by Karen S Alger, CPA  
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Date: 2022.06.03 14:49:22 -0400'  
**CPA**

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

March 23, 2022



Village of Mount Pleasant  
Jefferson County

Schedule of Findings  
December 31, 2021

Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS

FINDING NUMBER 2021-001

**Noncompliance/Material Weakness – Restrictions on appropriating and expending money**

**Ohio Rev. Code § 5705.41 (B)** provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

During 2021 the Village's expenditures exceeded appropriation by \$14,769 and \$19,500 in the Cares Act and the American Rescue Act Funds respectively, due to the prior Fiscal Officer's posting these transactions to the General Fund: however, the budget measure could not be corrected. This was subsequently corrected on financial statements.

The Village should closely monitor expenditures and appropriation and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Expenditures should then be limited to established appropriation limitations. In addition, the Village should obtain an understanding of establishing of new funds when revenues is derived from a source other than the general property tax, which the law requires to be used for a particular purpose [Ohio Rev. Code § 5705.09].

FINDING NUMBER 2021-002

**Noncompliance/Material Weakness – Financial Reporting**

**Ohio Revised Code §5705.36(A)(3)** Upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the excess.

**Ohio Revised Code Section 5705.41(B)** prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated; therefore, appropriations should be recorded in accordance with the terms and conditions of the loan. **Ohio Revised Code Section 5705.40** requires the legislative authority to pass a resolution amending its appropriation measure prior to recording the appropriations.

The Village obtain a general obligation loan on November 16, 2021 through Consumer National Bank in the amount of \$28,474 to finance the purchase of a police cruiser to provide police services at an interest rate of 2.4%.

The Village did not record the receipts and expenditure transactions relating to the loan, resulting in an understatement of loans proceeds receipts and understatement of the capital outlay expenditures in the Police Levy Fund.

There are also several budgetary compliance requirements associated with the recording of such program receipts and disbursements.

These adjustments were made to the Village's financial statements and related notes for the year ending December 31, 2021.

**Village of Mount Pleasant**  
**Jefferson County**

*Schedule of Findings*  
*December 31, 2021*

**FINDING NUMBER 2021-002** *(continued)*

In addition, the Village did not amend their estimated resources and appropriations to properly budget for the loan receipts and expenditures. Ohio Revised Code Section 5705.41(B) budgetary violation for expenditures exceeding appropriations were noted for the capital outlay expenditure in 2021 in the Police Levy Fund.

The presentation of materially correct financial statements is the responsibility of management. Properly presented financial statements demonstrate the Village's financial accountability to the public and to the Village Council. The Village should implement internal control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

**FINDING NUMBER 2021-003**

**Material Noncompliance/Material Weakness – Certification of Funds**

**Ohio Revised Code Section 5705.41(D)** prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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.

- The fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.

- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line-item appropriation.

During the audit period 17 out of 20 (85%) of the expenditure transactions tested were not properly certified prior to incurring the obligation and there was no evidence of a "then and now" certificate being used by the Fiscal Officer. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. In addition, Village Council did not establish, by resolution or ordinance, a blanket certificate limit.

**Village of Mount Pleasant**  
**Jefferson County**

*Schedule of Findings*  
*December 31, 2021*

**FINDING NUMBER 2021-003** *(continued)*

**Material Noncompliance/Material Weakness – Certification of Funds** *(continued)*

Unless the exceptions noted above are used, prior certification in the form of purchase orders or “blanket” purchase orders is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over the disbursement process and reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to a commitment of an obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied.

**FINDING NUMBER 2021-004**

**Noncompliance/Material Weakness – Accurate Posting of Transactions**

**Ohio Administrative Code §117-2-02(A)** states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

**2021** Incorrect postings resulting in financial statement reclassifications and adjustments:

- The Fiscal Officer improperly posted \$4,322 receipts received from the Comcast to the Fines, Licenses and Permit account rather than Miscellaneous revenue account in the General fund. A reclassification was made to the financial statements.
- The 2021 financial statements reflected a \$14,769 transfer – This was not a transfer but a reimbursement for covid expenditures. These monies should have been recorded as an expenditure in the Coronavirus Relief Fund and a reduction of expenditure in the fund being reimbursed. An adjustment was made to the financial statements to reflect the correct accounting method.
- The Fiscal Officer improperly posted \$10,000 intergovernmental receipts received from the County Auditor to the Property Taxes rather than Intergovernmental revenue in the Park & Recreational fund. A reclassification was made to the financial statements.

The Village did not have procedures in place to record transactions properly. Failure to consistently follow a uniform chart of accounts increases the possibility the Village 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 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 Village manual chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported.

**Village of Mount Pleasant**  
**Jefferson County**

*Schedule of Findings*  
*December 31, 2021*

**FINDING NUMBER 2021-005**

**Noncompliance/Material Weakness – Accounting Records**

**Ohio Admin. Code 117-2-01 and 117-2-02** require governments to establish internal controls and report financial information properly. Ohio Admin. Code 117-2-02(D) and (E) - Required accounting records.

The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records **should** include the following:

- (1) **Cash journal**, which typically contains the following information: the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- (2) **Receipts ledger**, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- (3) **Appropriation ledger**, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.
- (4) **Payroll journal** – The Village does not maintain a running payroll ledger that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments.

The Village Fiscal Officer should maintain accounting records to help enable to the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability of Village funds. All transactions should be properly coded and classified according to a uniform chart of accounts to help ensure financial activity of the Village is accurately recorded and reported.

**FINDING NUMBER 2021-006**

**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 control's 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.

**Village of Mount Pleasant**  
**Jefferson County**

*Schedule of Findings*  
*December 31, 2021*

**FINDING NUMBER 2021-006** *(continued)*

**Material Weakness – Lack of Oversight Over Financial Transactions** *(continued)*

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 members should review all monthly reconciliations for accuracy and help ensure all transactions are recorded timely. The Council members should ensure all transactions are recorded in the Village's accounting records and deposits are made timely. In addition, the Council members 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.

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**Village of Mount Pleasant**  
*Jefferson County*  
*Schedule of Prior Audit Findings*  
*December 31, 2021*

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2020-001	<b>Noncompliance/Material Weakness – ORC §5705.41 (B)</b> restrictions on appropriating and expending money.	No	Not corrected. Repeated as 2021-001
2020-002	<b>Noncompliance/Material Weakness – ORC §5705.41 (D)</b> Certification of Funds	No	Not corrected. Repeated as 2021-003
2020-003	<b>Noncompliance/Material Weakness - Admin Code § 117-2-02(A)</b> Accurate posting of transactions.	No	Not corrected. Repeated as 2021-004
2020-004	<b>Noncompliance/Material Weakness - Ohio Admin. Code 117-2-01 and 117-2-02</b> Accounting Records	No	Not corrected. Repeated as 2021-005
2020-005	<b>Material Weakness - Lack</b> of oversight Over Financial Transactions	No	Not corrected. Repeated as 2021-006

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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF MOUNT PLEASANT*

*JEFFERSON COUNTY*

*A&A*  
**REGULAR AUDIT**

FOR THE YEAR ENDED

DECEMBER 31, 2020

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574





**VILLAGE OF MOUNT PLEASANT  
JEFFERSON COUNTY**

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

## **INDEPENDENT AUDITOR'S REPORT**

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

To the Members of Council and the Mayor:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes of the Village of Mount Pleasant, Jefferson County, Ohio (the Village).

### ***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(C) 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 2 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(C), 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(C) 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, 2020, and the respective changes in financial position thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020,, and related notes of the Village of Mount Pleasant, Jefferson County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***


As discussed in Note 13 to the financial statements, the Village made changes to its reporting model. We did not modify our opinion regarding this matter.

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022, 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.

Karen S  
Alger, CPA



Digitally signed by Karen S Alger,  
CPA  
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Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

March 23, 2022

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**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances - (Regulatory Cash Basis) All Governmental Fund Types**  
**For the Year Ended December 31, 2020**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$35,508	\$38,014	\$73,522
Intergovernmental	22,034	80,751	102,785
Fines, Licenses and Permits		1,037	1,037
Earnings on Investments	40		40
Miscellaneous	18,000	4,250	22,250
<i>Total Cash Receipts</i>	<u>75,582</u>	<u>124,052</u>	<u>199,634</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property		51,007	51,007
Public Health Services		1,714	1,714
Leisure Time Activities		5,000	5,000
Basic Utility Services	10,773		10,773
Transportation		28,449	28,449
General Government	52,221	23,921	76,142
<i>Total Cash Disbursements</i>	<u>62,994</u>	<u>110,091</u>	<u>173,085</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,588</u>	<u>13,961</u>	<u>26,549</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		18,000	18,000
Transfers Out	(18,000)		(18,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(18,000)</u>	<u>18,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(5,412)	31,961	26,549
<i>Fund Cash Balances , January 1</i>	<u>137,415</u>	<u>23,492</u>	<u>160,907</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$132,003</u></u>	<u><u>\$55,453</u></u>	<u><u>\$187,456</u></u>

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



**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balance (Regulatory Cash Basis)**  
*Proprietary Fund Type*  
**For the Year Ended December 31, 2020**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$151,180
Miscellaneous	230
<i>Total Operating Cash Receipts</i>	<i>151,410</i>
<b>Operating Cash Disbursements</b>	
Personal Services	36,902
Employee Fringe Benefits	11,896
Contractual Services	61,705
Supplies and Materials	11,934
<i>Total Operating Cash Disbursements</i>	<i>122,437</i>
<i>Operating Income (Loss)</i>	<i>28,973</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Loan Proceeds	381,958
Earnings on Investments	18
Capital Outlay	(352,340)
Principal Retirement	(35,520)
Interest and Other Fiscal Charges	(10,353)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<i>(16,237)</i>
<i>Net Change in Fund Cash Balances</i>	<i>12,736</i>
<i>Fund Cash Balances, January 1</i>	<i>67,181</i>
<i>Fund Cash Balances, December 31</i>	<i>\$79,917</i>

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

**Village of Mount Pleasant, Ohio**  
**Jefferson County**  
*Combined Statement of Additions, Deductions and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

	Fiduciary Fund Type
	Custodial
<b>Additions</b>	
Charges for Services	\$100
<i>Total Additions</i>	100
<b>Deductions</b>	
Other Distributions	10
<i>Total Deductions</i>	10
<i>Net Change in Fund Balances</i>	90
<i>Fund Cash Balances, January 1</i>	2,545
<i>Fund Cash Balances, December 31</i>	\$2,635

*See accompanying notes to the basic financial statements*

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**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 1 – Reporting Entity**

The Village of Mount Pleasant (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities, street maintenance and repair, park operations, and police services. The Village contracts with The Mount Pleasant Volunteer Fire Department to receive fire protection services and Emergency Medical Services (EMS).

***Public Entity Risk Pools***

The Village participates in a public entity risk pool and is associated with 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 Entities Excess Pool (APEEP). Notes 7 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

***Fire Protection Fund:*** This fund received levy monies to pay for fire protection used by the Mt. Pleasant Volunteer Fire Department as well as their annual insurance premiums.

***Police Fund:*** The police fund received tax levy monies to support the village police department for coverage at least 40+ hours per week. Monies are also used for equipment and certifications used by the police department for the protection of the village.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 2 – Summary of Significant Accounting Policies** *(continued)*

**Enterprise Funds:** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** The water fund receives payments from water customers and accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. The fund also covers costs for the Village Administrator salary as well as the Water Superintendent wages.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund account is for Water Depository when new water customers deposit money to turn their water on or when residents move from their property and their deposit is refunded.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

**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. Unencumbered appropriations lapse at year end.

**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 approve estimated resources.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 2 – Summary of Significant Accounting Policies** *(continued)*

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2020 budgetary activity appears in Note 4.

**Capital Assets**

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

**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:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

**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.

**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Enterprise-Water Fund by \$55,150, and the Cares Act Fund by \$21,737 for the year ended December 31, 2020.

Contrary to Ohio law, the Village did not properly certify 90% of the expenditures tested prior to incurring the obligations.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,253	\$75,582	(\$20,671)
Special Revenue	88,578	142,052	53,474
Enterprise	439,650	533,386	93,736
Fiduciary	100	100	0
Total	\$624,581	\$751,120	\$126,539

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,962	\$80,994	\$37,968
Special Revenue	105,801	110,091	(4,290)
Enterprise	465,500	520,650	(55,150)
Fiduciary		10	(10)
Total	\$690,263	\$711,745	(\$21,482)

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

Demand deposits	2020
	\$270,008

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village has remitted all employee payroll withholdings.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 5 – Deposits and Investments** *(continued)*

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (PEP). The Pool assumes the risk of loss up to the limits of The Village of Mount Pleasant policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510



**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All but one Village employee 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

***Social Security***

One of the Village Council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employee contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 9 – Postemployment Benefits**

OPERS offer 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
OWDA Loan 8151	\$853,535	1.02%
OWDA Loan 8164	48,997	0.75%
OWDA Loan 8867	321,131	0.50%
Total	\$1,223,663	

The Ohio Water Development Authority (OWDA) loan 8151 and 8164 relates to a water project to improve Fresh and Drinking Water within The Village. The OWDA approved up to \$922,767 in loans to the Village for this project. The Village will repay loan 8151 in semiannual installments of \$16,998.93, including interest, over 30 years. The Village will repay loan 8164 in semiannual installments of \$1,507.33, including interest, over 20 years.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 10 – Debt** *(continue)*

The Ohio Water Development Authority (OWDA) loan 8867 related to the Village’s Water Tower Improvement Project to repair, clean and recoat the Water Tower. The OWDA approved up to \$340,362 in loans to the Village for this project. The Village will repay loan 8867 in semiannual installments of \$8,952.23, including interest, over 20 years.

The scheduled payment amounts below assumes that the full \$1,263,129 was borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

***Amortization***

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

Year Ending December 31:	OWDA Loan 8151	OWDA Loan 8164	OWDA Loan 8867
2021	\$33,997.86	\$3,014.66	\$17,904.46
2022	33,997.86	3,014.66	17,904.46
2023	33,997.86	3,014.66	17,904.46
2024	33,997.86	3,014.66	17,904.46
2025	33,997.86	3,014.66	17,904.46
2026-2030	169,989.30	15,073.30	89,522.30
2031-2035	169,989.30	15,073.30	89,522.30
2036-2040	169,989.30	15,073.30	89,522.30
2041-2045	169,989.30		
2046-2050	169,989.30		
Total	<u>\$1,019,935.80</u>	<u>\$60,293.20</u>	<u>\$358,089.20</u>

**Note 11 – Public Entity Risk Pool**

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

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. 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 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.

**Village of Mount Pleasant, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 12 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The Village had no outstanding encumbrances at year end.

**Note 13 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village.

During 2020, the Village received CARES Act funding. Of the amounts received, \$10,867 was sub-granted to The Mount Pleasant Volunteer Fire Department. These amounts are reflected as general government expenditures in the applicable Special Revenue Fund.



***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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**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 Members of Council and the Mayor:

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes of the of the Village of Mount Pleasant, Jefferson County, Ohio, (the Village) and have issued our report thereon dated March 23, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. In addition, as described in Note 13 to the financial statements, the Village made changes to its reporting model. Furthermore, we noted as described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We identified certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 through 2020-005 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 financial statement. 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 2020-001 and 2020-004.

### ***Purpose of this Report***

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Karen S  
Alger, CPA**  
Digitally signed by Karen S Alger,  
CPA  
DN: cn=Karen S Alger, CPA,  
o=Alger & Associates, Inc. ou,  
email=ksalger46@att.net, c=US  
Date: 2022.06.03 14:54:13 -04'00'

**Alger & Associates, Inc.**  
Certified Public Accountants  
North Canton, Ohio

March 23, 2022

**Village of Mount Pleasant**  
**Jefferson County**

*Schedule of Findings*  
*December 31, 2020*

<b>Findings Related to the Financial Statements</b> <b>Required to be Reported in Accordance with GAGAS</b>
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**FINDING NUMBER 2020-001**

**Noncompliance/Material Weakness – Restrictions on appropriating and expending money**

**Ohio Rev. Code § 5705.41 (B)** provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

During 2020, the Village’s expenditures exceeded appropriation by \$21,737 in the Cares Act fund due to the prior Fiscal Officer posting the grant to the General Fund. This was subsequently corrected on the financial statements however; the budget measure could not be corrected. The Village’s expenditures exceeded appropriation by \$55,150 in the Enterprise – Water fund due to Fiscal Officer not posting the full amount of OWDA loan. This was subsequently corrected on financial statements.

The Village should closely monitor expenditures and appropriation and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Expenditures should then be limited to established appropriation limitations. In addition, the Village should obtain an understanding of establishing of new funds when revenues is derived from a source other than the general property tax, which the law requires to be used for a particular purpose [Ohio Rev. Code § 5705.09].

**FINDING NUMBER 2020-002**

**Material Noncompliance/Material Weakness – Certification of Funds**

**Ohio Revised Code Section 5705.41(D)** prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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.

- The fiscal officer can certify that both at the time that the contract or order was made (“then”) and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.

- Blanket Certificates. Fiscal officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.

**Village of Mount Pleasant**  
**Jefferson County**

*Schedule of Findings*  
*December 31, 2020*

**FINDING NUMBER 2020-002** *(continued)*

**Material Noncompliance/Material Weakness – Certification of Funds** *(continued)*

- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line-item appropriation.

During the audit period 19 out of 21 (90%) of the expenditure transactions tested were not properly certified prior to incurring the obligation and there was no evidence of a “then and now” certificate being used by the Fiscal Officer. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. In addition, Village Council did not establish, by resolution or ordinance, a blanket certificate limit.

Unless the exceptions noted above are used, prior certification in the form of purchase orders or “blanket” purchase orders is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over the disbursement process and reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to a commitment of an obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied.

**FINDING NUMBER 2020-003**

**Noncompliance/Material Weakness – Accurate Posting of Transactions**

**Ohio Administrative Code §117-2-02(A)** states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

**2020** Incorrect postings resulting in financial statement reclassifications and adjustments:

- The Fiscal Officer improperly posted all the Homestead and Rollback receipts to the Street Construction fund and State Highway fund rather than to the proper individual funds receiving levy money. Therefore, the following funds’ Intergovernmental receipt accounts were increased: General fund \$3,156, Fire Equipment fund \$451, Cemetery fund \$141, Police fund \$403, EMS fund \$327, Fire fund \$952 and decreased the Street Construction fund for \$5,036 and the State Highway fund for \$394. The adjustments were made to the Village books and to the 2020 financial statements.
- The Fiscal Officer improperly posted \$5,000 intergovernmental receipts received from the County Auditor to the Property Taxes rather than Intergovernmental revenue in the Park & Recreational fund. A reclassification was made to the financial statements.

**FINDING NUMBER 2020-003** *(continued)*



**Village of Mount Pleasant**  
**Jefferson County**

*Schedule of Findings*  
*December 31, 2020*

**Noncompliance/Material Weakness – Accurate Posting of Transactions** *(continued)*

- The Fiscal Officer improperly posted \$4,714 receipts received from Comcast to the Fines, Licenses and Permits rather than Miscellaneous Receipt revenue account in the General fund. A reclassification was made to the financial statements.
- The Village received an additional loan proceeds in the amount of \$1,187 to an existing OWDA loan [loan #8867]. The Fiscal Officer did not post the additional loan proceeds in the amount of the increase nor the off-setting Capital Outlay expenditures account. An adjustment was made to the financial statements.
- The Village received additional loan proceeds in the amount of \$52,726 to an existing OWDA loan [loan #8151]. The Fiscal Officer did not post the additional loan proceeds in the amount of the increase nor the off-setting Capital Outlay expenditures account. An adjustment was made to the financial statements.
- The financial statements for 2020 reflect \$15,980, submitted to the Hinkle System, as transfers in the Enterprise Fund, however, the Fiscal Officer closed one bank account and included on the books as a transfer rather than adjust the balance of the other fund account. The financial statements have been adjusted.

The Village did not have procedures in place to record transactions properly. Failure to consistently follow a uniform chart of accounts increases the possibility the Village 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 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 Village manual chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported.

**FINDING NUMBER 2020-004**

**Noncompliance/Material Weakness – Accounting Records**

**Ohio Admin. Code 117-2-01 and 117-2-02** require governments to establish internal controls and report financial information properly. Ohio Admin. Code 117-2-02(D) and (E) - Required accounting records.

The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records **should** include the following:

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



**Village of Mount Pleasant  
Jefferson County**

*Schedule of Findings  
December 31, 2020*

**FINDING NUMBER 2020-004 (continued)**

**Noncompliance/Material Weakness – Accounting Records (continued)**

- (4) **Payroll journal** – The Village does not maintain a running payroll ledger that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments.

The Village Fiscal Officer should maintain accounting records to help enable to the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability of Village funds. All transactions should be properly coded and classified according to a uniform chart of accounts to help ensure financial activity of the Village is accurately recorded and reported.

**FINDING NUMBER 2020-005**

**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 control's 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 members should review all monthly reconciliations for accuracy and help ensure all transactions are recorded timely. The Council members should ensure all transactions are recorded in the Village's accounting records and deposits are made timely. In addition, the Council members 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.

**Village of Mount Pleasant**  
*Jefferson County*  
*Schedule of Prior Audit Findings*  
*December 31, 2020*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2019-001	<b>Noncompliance/Material Weakness – Budget Filing</b> ORC §5705.38 (A) filing of annual appropriation measure ORC §5705.36 expenditures exceed appropriations.	Yes	Finding No Longer Valid
2019-002	<b>Noncompliance/Material Weakness –On Behalf-</b> payments	Yes	Finding No Longer Valid
2019-003	<b>Noncompliance/Material Weakness - §731.13</b> Compensation and Bonds of Village officers, Clerks and Employees	Yes	Finding No Longer Valid
2019-004	<b>Noncompliance/Material Weakness - Depository Collateral</b> ORC § 135.18 (specific collateral), and § 135.182 – Security for repaying public deposits	Yes	Finding No Longer Valid
2019-005	<b>Noncompliance/Material Weakness - Admin Code § 117-2-02(A)</b> Accurate posting of transactions.	No	Not corrected. Repeated as 2020-003
2019-006	<b>Material Weakness - Control</b> Deficiency/Cash reconciliation	Yes	Finding No Longer Valid
2019-007	<b>Material Weakness - Control</b> Deficiency/Payroll	Yes	Finding No Longer Valid
2019-008	<b>Material Weakness - Lack</b> of oversight Over Financial Transactions	No	Not corrected. Repeated as 2020-005
2019-009	<b>Significant Deficiency -</b> Utility Accounts	Yes	Finding No Longer Valid

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MOUNT PLEASANT**

**JEFFERSON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 7/5/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)