



**Auditor of State
Betty Montgomery**

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Mount Cory
Hancock County
109 South Main Street, P. O. Box 5
Mount Cory, Ohio 45868-0005

To the Village Council:

We have audited the accompanying financial statements of the Village of Mount Cory, Hancock County, (the Village) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 4, 2004

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property Tax and Other Local Taxes	\$ 5,179	\$ -	\$ 5,179
Special Assessments	-	10,143	10,143
Intergovernmental Receipts	53,179	8,564	61,743
Charges for Services	1,850	-	1,850
Earnings on Investments	1,143	-	1,143
Miscellaneous	240	-	240
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	61,591	18,707	80,298
	<hr/>	<hr/>	<hr/>
Cash Disbursements			
Current:			
Security of Persons and Property	14,148	5,947	20,095
Public Health Services	464	-	464
Leisure Time Activities	8,007	-	8,007
Basic Utility Services	5,288	-	5,288
Transportation	2,697	3,078	5,775
General Government	18,485	-	18,485
Capital Outlay	1,020	-	1,020
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	50,109	9,025	59,134
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	11,482	9,682	21,164
	<hr/>	<hr/>	<hr/>
Other Financing Disbursements			
Transfers-Out	(550)	-	(550)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over Disbursements and Other Financing Disbursements	10,932	9,682	20,614
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	20,177	46,291	66,468
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 31,109	\$ 55,973	\$ 87,082
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 51,896
Operating Cash Disbursements	
Personal Services	1,868
Contractual Services	48,859
Other	45
Capital Outlay	55,882
Total Operating Cash Disbursements	106,654
Operating Loss	(54,758)
Transfers-In	550
Net Disbursements Over Receipts	(54,208)
Fund Cash Balances, January 1	142,257
Fund Cash Balances, December 31	\$ 88,049

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property Tax and Other Local Taxes	\$ 5,284	\$ -	\$ 5,284
Special Assessments	-	9,758	9,758
Intergovernmental Receipts	55,882	8,816	64,698
Charges for Services	2,410	-	2,410
Earnings on Investments	2,408	-	2,408
Miscellaneous	54	-	54
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	66,038	18,574	84,612
	<hr/>	<hr/>	<hr/>
Cash Disbursements			
Current:			
Security of Persons and Property	13,354	5,821	19,175
Public Health Services	364	-	364
Leisure Time Activities	5,805	-	5,805
Basic Utility Services	1,493	-	1,493
Transportation	2,435	2,766	5,201
General Government	21,892	-	21,892
Capital Outlay	3,631	-	3,631
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	48,974	8,587	57,561
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	17,064	9,987	27,051
	<hr/>	<hr/>	<hr/>
Other Financing Disbursements			
Transfers-Out	(1,607)	-	(1,607)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over Disbursements and Other Financing Disbursements	15,457	9,987	25,444
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	4,720	36,304	41,024
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 20,177	\$ 46,291	\$ 66,468
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 30,649
Operating Cash Disbursements	
Personal Services	1,550
Contractual Services	1,735
Capital Outlay	37,540
Total Operating Cash Disbursements	40,825
Operating Loss	(10,176)
Transfers-In	1,607
Net Disbursements Over Receipts	(8,569)
Fund Cash Balances, January 1	150,826
Fund Cash Balances, December 31	\$ 142,257

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Mount Cory, Hancock County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, sewer utilities, park operations, and police protection. The Village appropriates general fund money to support a volunteer fire department.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Street Lighting Fund – This fund receives tax levy money to pay for street lighting for the Village

3. Enterprise Funds

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

Sewer Fund - This fund receives a flat monthly rate from residents to fund the installation of a planned sewer system.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$ 175,131</u>	<u>\$ 208,725</u>

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2003 and 2002 follows:

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,847	\$ 61,591	\$ 6,744
Special Revenue	16,900	18,707	1,807
Enterprise	30,000	52,446	22,446
Total	<u>\$ 101,747</u>	<u>\$ 132,744</u>	<u>\$ 30,997</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 75,024	\$ 50,659	\$ 24,365
Special Revenue	63,191	9,025	54,166
Enterprise	172,257	106,654	65,603
Total	<u>\$ 310,472</u>	<u>\$ 166,338</u>	<u>\$ 144,134</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 59,447	\$ 66,038	\$ 6,591
Special Revenue	16,730	18,574	1,844
Enterprise	21,000	32,256	11,256
Total	<u>\$ 97,177</u>	<u>\$ 116,868</u>	<u>\$ 19,691</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 64,167	\$ 50,581	\$ 13,586
Special Revenue	53,034	8,587	44,447
Enterprise	171,826	40,825	131,001
Total	<u>\$ 289,027</u>	<u>\$ 99,993</u>	<u>\$ 189,034</u>

The Village did not certify funds as required by Ohio Revised Code § 5705.41(D).

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. RETIREMENT SYSTEMS

The Village's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

7. INTERGOVERNMENTAL AGREEMENT

The Village has entered into an intergovernmental agreement with the Villages of Rawson and Benton Ridge for the construction of a waste water treatment facility. The facility has been constructed and is owned by the Village of Rawson. The facility will then be leased to the Villages of Benton Ridge and Mount Cory for a minimum of 40 years. The facility will be built upon the aggregate population of all three villages, and the costs will be shared in proportion to their populations. Mount Cory's share is estimated at 23 percent. Each village will have a representative on the management board of the facility.

8. OUTSTANDING CONTRACTUAL COMMITMENTS

During 2003, the Village entered into a contract for installation of a sewer system in the Village. No work had been completed as of December 31, 2003. The contract was in the amount of \$944,100 and will be paid with grants and loans from the Ohio Water Development Authority and Rural Development.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Mount Cory
Hancock County
109 South Main Street, P. O. Box 5
Mount Cory, Ohio 45868-0005

To the Village Council:

We have audited the accompanying financial statements of the Village of Mount Cory, Hancock County (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 4, 2004. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 4, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 4, 2004.

This report is intended solely for the information and use of the finance committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

May 4, 2004

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than \$1000 (\$3,000 effective April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

None of the Village transactions were certified by the Clerk. Certification is not only required by Ohio law but is a key control in the disbursement process to assure purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Village Council. To improve controls over disbursements, we recommend all Village disbursements receive prior certification of the Clerk and Village Council periodically review the expenditures made to ensure they are within the appropriations adopted by Council, certified by the Clerk and recorded against appropriations.

**VILLAGE OF MOUNT CORY
HANCOCK COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-30232-001	ORC §5705.41 (D) Certification of disbursements	No	No improvement has been made and this finding has been repeated in this report as finding 2003-001
2001-30232-002	ORC §135.21 Distribution of interest to the Sewer Fund	No	Interest is still being receipted in the Sewer Fund but the amounts are immaterial, as a result this finding has been reduced to a management letter comment.



**Auditor of State
Betty Montgomery**

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VILLAGE OF MOUNT CORY

HANCOCK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 15, 2004**