



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

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 (the Village) as of and for the years ended December 31, 2001 and 2000. 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, 2001 and 2000, 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 June 14, 2002 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 14, 2002

**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, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$4,807		\$4,807
Special Assessments		\$9,151	9,151
Intergovernmental Receipts	49,560	8,572	58,132
Charges for Services	1,895		1,895
Earnings on Investments	5,013		5,013
Miscellaneous	3,955		3,955
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	65,230	17,723	82,953
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	9,985	5,587	15,572
Public Health Services	708		708
Leisure Time Activities	4,223		4,223
Basic Utility Services	180		180
Transportation	520	3,116	3,636
General Government	20,261	18	20,279
Capital Outlay	30,447		30,447
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	66,324	8,721	75,045
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(1,094)	9,002	7,908
<b>Other Financing Disbursements:</b>			
Transfers-Out	(3,735)		(3,735)
Advances-Out	(21,562)		(21,562)
Other Uses	(420)		(420)
	<hr/>	<hr/>	<hr/>
Total Other Financing Disbursements	(25,717)		(25,717)
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(26,811)	9,002	(17,809)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	31,531	27,302	58,833
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<b>\$4,720</b>	<b>\$36,304</b>	<b>\$41,024</b>

*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, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$24,804
<b>Operating Cash Disbursements:</b>	
Personal Services	1,664
Contractual Services	13,325
Capital Outlay	57
Total Operating Cash Disbursements	15,046
Operating Income	9,758
Transfers-In	3,735
Advances-In	21,562
Net Receipts Over Disbursements	35,055
Fund Cash Balances, January 1	115,771
<b>Fund Cash Balances, December 31</b>	<b>\$150,826</b>

*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, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$5,139		\$5,139
Special Assessments		\$9,884	9,884
Intergovernmental Receipts	50,310	8,466	58,776
Charges for Services	1,665		1,665
Earnings on Investments	5,036		5,036
Miscellaneous	2,629		2,629
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	64,779	18,350	83,129
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	16,938	5,463	22,401
Public Health Services	705		705
Leisure Time Activities	4,853		4,853
Basic Utility Services	180		180
Transportation	2,847	31,563	34,410
General Government	31,974	51	32,025
Capital Outlay	5,399		5,399
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	62,896	37,077	99,973
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	1,883	(18,727)	(16,844)
<b>Other Financing Disbursements:</b>			
Transfers-Out	(3,282)		(3,282)
Other Uses	(500)		(500)
	<hr/>	<hr/>	<hr/>
Total Other Financing Disbursements	(3,782)		(3,782)
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts	(1,899)	(18,727)	(20,626)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	33,430	46,029	79,459
<b>Fund Cash Balances, December 31</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>\$31,531</b>	<b>\$27,302</b>	<b>\$58,833</b>

*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, 2000**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$25,393
<b>Operating Cash Disbursements:</b>	
Personal Services	1,607
Contractual Services	270
Capital Outlay	10
Total Operating Cash Disbursements	1,887
Operating Income	23,506
Transfer-In	3,282
Net Receipts Over Disbursements	26,788
Fund Cash Balances, January 1	88,983
<b>Fund Cash Balances, December 31</b>	<b>\$115,771</b>

*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, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Mount Cory (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 sewer utilities, park operations, and police. 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 and investments that are 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.

**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

VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

be recovered through user charges. The Village had the following significant Enterprise Fund:

*Sewer Construction 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 control 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

**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 2001 and 2000 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:

	2001	2000
Demand deposits	<u>\$191,850</u>	<u>\$174,604</u>

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

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,595	\$65,230	\$4,635
Special Revenue	16,600	17,723	1,123
Enterprise	24,000	28,539	4,539
Total	\$101,195	\$111,492	\$10,297

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,126	\$70,479	\$21,647
Special Revenue	43,902	8,721	35,181
Enterprise	139,771	15,046	124,725
Total	\$275,799	\$94,246	\$181,553

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,787	\$64,779	\$7,992
Special Revenue	14,210	18,350	4,140
Enterprise	2,000	28,675	26,675
Total	\$72,997	\$111,804	\$38,807

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,217	\$66,678	\$28,539
Special Revenue	60,239	37,077	23,162
Enterprise	85,984	1,887	84,097
Total	\$241,440	\$105,642	\$135,798

**4. COMPLIANCE**

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

The Village credited interest to the Sewer Fund. There is no statutory authority for crediting interest to that fund.

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. 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.

**6. RETIREMENT SYSTEMS**

The Village's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance coverage for buildings and contents, vehicles and general liability.

**8. 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 will be built and owned by the Village of Rawson, with planned construction sometime in 2002. 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%. Each village will have a representative on the management board of the facility.

**9. SUBSEQUENT EVENTS**

In 2002, the Village was approved for a grant from the Ohio Public Works Commission in the amount of \$250,000 for the Sanitary Sewer Installation Project.



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**REPORT OF INDEPENDENT ACCOUNTANTS 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 (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 14, 2002. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-30232-001 and 2001-30232-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 14, 2002.

**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 June 14, 2002.

Village of Mount Cory  
Hancock County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

**Jim Petro**  
Auditor of State

June 14, 2002



**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-30232-001**

**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 that 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, 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, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

None of the transactions tested were certified by the Clerk. Certification is not only required by Ohio law but is a key control in the disbursement process to assure that 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 the Village Council periodically review the expenditures made to ensure they are within the appropriations adopted by the Village Council, certified by the Clerk and recorded against appropriations.

**FINDING NUMBER 2001-30232-002**

**Noncompliance Citation**

Ohio Revised Code § 135.21 requires interest earned to be credited to the general fund unless otherwise expressly required by law.

In 2001 and 2000 the Village credited \$3,735 and \$3,282, respectively, in interest to the sewer fund for which there is no statutory authority for such distribution. It is the intent of the Village Council to use the earnings from the sewer fund to assist in paying the costs associated with construction of a sanitary sewer system for the Village, as a result the accompanying financial statements have been adjusted to reflect the interest revenue in the general fund, with a transfer-out of the general fund and into the sewer fund for a like amount each year. We recommend interest earned on Village funds be posted to those funds required by law to receive interest.

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

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>
1999-30232-001	<b>ORC § 5705.51(D)</b> certification of disbursements	No	No improvement has been made and this finding has been repeated in this report as finding 2001-30232-001
1999-30232-002	<b>ORC § 5705.41(B)</b> expenditures in excess of appropriations	Yes	
1999-30232-003	<b>ORC § 5705.40</b> approval of supplemental appropriations	Yes	



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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  
JULY 5, 2002**