



**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Mount Cory  
Hancock County  
109 South Main Street  
PO 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, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide 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, 1999 and 1998, 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 April 26, 2000 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.

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", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

April 26, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<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	\$4,621	\$8,666	\$13,287
Intergovernmental Receipts	54,755	7,805	62,560
Charges for Services	2,125		2,125
Miscellaneous	7,413		7,413
	<u>68,914</u>	<u>16,471</u>	<u>85,385</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	8,254	3,301	11,555
Public Health Services	508		508
Leisure Time Activities	20,927		20,927
Basic Utility Services	180		180
Transportation	1,898	1,518	3,416
General Government	41,324	2,158	43,482
	<u>73,091</u>	<u>6,977</u>	<u>80,068</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	(4,177)	9,494	5,317
<b>Other Financing Receipts/Disbursements:</b>			
Advances-Out	(5,000)		(5,000)
Other Sources	697		697
	<u>(4,303)</u>	<u>0</u>	<u>(4,303)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,480)	9,494	1,014
Fund Cash Balances, January 1	41,910	36,535	78,445
<b>Fund Cash Balances, December 31</b>	<b><u>\$33,430</u></b>	<b><u>\$46,029</u></b>	<b><u>\$79,459</u></b>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH  
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$12,066
<b>Operating Cash Disbursements:</b>	
Personal Services	1,839
Supplies and Materials	630
Capital Outlay	3,573
Total Operating Cash Disbursements	6,042
Operating Income	6,024
<b>Non-Operating Cash Receipts:</b>	
Miscellaneous	2,218
Excess of Receipts Over Disbursements Before Interfund Advances	8,242
Advances-In	5,000
Net Receipts Over Disbursements	13,242
Fund Cash Balances, January 1	75,741
<b>Fund Cash Balances, December 31</b>	<b>\$88,983</b>

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



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<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	\$4,008	\$7,432	\$11,440
Intergovernmental Receipts	42,803	7,328	50,131
Charges for Services	1,575		1,575
Miscellaneous	7,077		7,077
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	55,463	14,760	70,223
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	12,721	3,357	16,078
Public Health Services	504		504
Leisure Time Activities	21,726		21,726
Basic Utility Services	5,089		5,089
Transportation	190	4,632	4,822
General Government	20,749	2,499	23,248
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,979	10,488	71,467
Total Receipts Over/(Under) Disbursements	(5,516)	4,272	(1,244)
<b>Other Financing Disbursements:</b>			
Advances-Out	(5,000)		(5,000)
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,516)	4,272	(6,244)
Fund Cash Balances, January 1	52,426	32,263	84,689
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$41,910</b>	<b>\$36,535</b>	<b>\$78,445</b>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH  
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Disbursements:</b>	
Personal Services	\$1,527
Operating Loss	(1,527)
<b>Non-Operating Cash Receipts:</b>	
Miscellaneous	2,285
Excess of Receipts Over Disbursements Before Interfund Advances	758
Advances-In	5,000
Net Receipts Over Disbursements	5,758
Fund Cash Balances, January 1	69,983
<b>Fund Cash Balances, December 31</b>	<b>\$75,741</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**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, including park operations and fire services.

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. Cash and Investments**

The Village had no investments.

**D. 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.

**2. Special Revenue Fund**

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.

Lighting Fund -This fund receives tax levy money to pay for electrical service in the Village.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Enterprise Fund**

This fund accounts 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 Construction Fund - This fund receives money from residents to help fund the installation of a planned sewer system.

**E. 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 1999 and 1998 budgetary activity appears in Note 3.

**F. 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. The carrying amount of cash at December 31 was as follows:

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**2. EQUITY IN POOLED CASH (Continued)**

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$168,442</u>	<u>\$154,186</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 December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,362	\$69,611	\$18,249
Special Revenue	13,410	16,471	3,061
Enterprise	2,000	14,284	12,284
Total	<u>\$66,772</u>	<u>\$100,366</u>	<u>\$33,594</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,788	\$73,091	\$30,697
Special Revenue	45,673	6,977	38,696
Enterprise	71,984	6,042	65,942
Total	<u>\$221,445</u>	<u>\$86,110</u>	<u>\$135,335</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,193	\$55,463	\$8,270
Special Revenue	13,435	14,760	1,325
Enterprise	1,900	2,285	385
Total	<u>\$62,528</u>	<u>\$72,508</u>	<u>\$9,980</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,619	\$60,979	\$38,640
Special Revenue	45,698	10,488	35,210
Enterprise	71,884	1,527	70,357
Total	\$217,201	\$72,994	\$144,207

**4. COMPLIANCE**

Amendments were made to the appropriations at the legal level of control that was not approved by Council as required by Ohio Revised Code § 5705.40.

Several instances occurred at the legal level of control where expenditures exceeded appropriations contrary to Ohio Revised Code § 5705.41(B).

In most instances, the Clerk did not certify funds as required by Ohio Revised Code § 5705.41(D).

**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 payment, 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 gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**7. RISK MANAGEMENT**

The Village is a member of the Ohio Public Risk Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Property, building and contents
- General liability
- Vehicle liability
- Linebacker

The Village carries additional insurance to cover the volunteer firemen.

**8. INTERFUND ADVANCE**

In 1990, the Sewer Construction Fund advanced \$31,562 to the General Fund for the assist with the construction of the municipal building and fire department. At December 31, 1999, \$10,000 of this advance had been repaid and the amount outstanding at December 31, 1999, is \$21,562.

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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  
PO 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, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 26, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 1999-30232-001, 1999-30232-002, and 1999-30232-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 26, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 April 26, 2000.

This report is intended 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", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

April 26, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-30232-001**

**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, 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 \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid.

Eighty-eight percent of the transactions tested did not receive prior certification nor were they certified using a then-and-now certification. Certification is not only required by Ohio law but is also 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 Council.

To improve controls over disbursements it is recommended that all Village disbursements, receive prior certification of the Clerk and that the Council periodically review the expenditures made to ensure they are within appropriations adopted by the Council certified by the Clerk and recorded against appropriations.

**FINDING NUMBER 1999-30232-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

Twenty-five percent of the disbursement transactions tested had expenditures exceeding appropriations at the time of payment.

It is recommended that the Village monitor appropriations to ensure they are sufficient to support planned expenditures and make any adjustments necessary to ensure expenditures do not exceed appropriations.

**FINDING NUMBER 1999-30232-003**

**Noncompliance Citation**

Ohio Revised Code § 5705.40 states any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. Transfers may be made by resolution or ordinance from one appropriation item to another.

Transfers were made from one object level to another, which is the Village's legal level of control, without the approval of Council. It is recommended that any amendment or transfer to appropriations, at the legal level of control, be done by an approved resolution or ordinance.



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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  
MAY 9, 2000