



**VILLAGE OF McCOMB
HANCOCK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2004



**Auditor of State
Betty Montgomery**

VILLAGE OF McCOMB
HANCOCK COUNTY

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**Auditor of State
Betty Montgomery**

Village of McComb
Hancock County
210 E. Main Street, P.O. Box 340
McComb, Ohio 45858-0340

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 13, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of McComb
Hancock County
210 E. Main Street, P.O. Box 340
McComb, Ohio 45858-0340

To the Village Council:

We have audited the accompanying financial statements of the Village of McComb, Hancock County, (the Village) as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village

has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of McComb, Hancock County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

October 13, 2005

**VILLAGE OF McCOMB
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$95,653		\$51,727			\$147,380
Income Tax	539,852					539,852
Special Assessments		\$32,118		\$85,624		117,742
Intergovernmental Receipts	63,431	65,102				128,533
Charges for Services	13,328					13,328
Fines, Licenses, and Permits	9,826					9,826
Earnings on Investments	42,359	3,836				46,195
Miscellaneous	1,795				\$2,000	3,795
Total Cash Receipts	766,244	101,056	51,727	85,624	2,000	1,006,651
Cash Disbursements:						
Current:						
Security of Persons and Property	253,173					253,173
Public Health Services	41,753					41,753
Leisure Time Activities	82,247					82,247
Community Environment	14,197					14,197
Basic Utility Services	98,604	19,257				117,861
Transportation	202,626	31,218				233,844
General Government	246,114					246,114
Other					1,000	1,000
Debt Service:						
Principal Payments			48,640			48,640
Interest Payments			22,837			22,837
Capital Outlay				66,148		66,148
Total Cash Disbursements	938,714	50,475	71,477	66,148	1,000	1,127,814
Total Receipts Over/(Under) Disbursements	(172,470)	50,581	(19,750)	19,476	1,000	(121,163)
Other Financing Receipts and (Disbursements):						
Transfers-In			8,640			8,640
Transfers-Out	(8,640)					(8,640)
Total Other Financing Receipts and (Disbursements)	(8,640)		8,640			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(181,110)	50,581	(11,110)	19,476	1,000	(121,163)
Fund Cash Balances, January 1	865,933	357,571	45,204	378,160	1,000	1,647,868
Fund Cash Balances, December 31	\$684,823	\$408,152	\$34,094	\$397,636	\$2,000	\$1,526,705
Reserves for Encumbrances, December 31	\$52,357	\$7,402				\$59,759

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

**VILLAGE OF McCOMB
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,081,387
Miscellaneous	4,200
Total Operating Cash Receipts	1,085,587
Operating Cash Disbursements:	
Personal Services	92,610
Travel Transportation	7,224
Contractual Services	595,126
Supplies and Materials	50,281
Capital Outlay	24,566
Total Operating Cash Disbursements	769,807
Operating Income	315,780
Non-Operating Cash Disbursements:	
Debt Service	211,791
Customer Deposits	2,722
Total Non-Operating Cash Disbursements	214,513
Excess of Receipts Over Disbursements	101,267
Fund Cash Balances, January 1	1,221,525
Fund Cash Balances, December 31	\$1,322,792
Reserve for Encumbrances, December 31	\$144,279

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

**VILLAGE OF McCOMB
HANCOCK COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$90,243		\$33,616			\$123,859
Income Tax	643,860					643,860
Special Assessments		\$30,661		\$81,742		112,403
Intergovernmental Receipts	63,716	55,807				119,523
Charges for Services	12,326					12,326
Fines, Licenses, and Permits	8,147					8,147
Earnings on Investments	46,600	2,170				48,770
Miscellaneous	118				\$1,000	1,118
Total Cash Receipts	865,010	88,638	33,616	81,742	1,000	1,070,006
Cash Disbursements:						
Current:						
Security of Persons and Property	248,591					248,591
Public Health Services	31,563					31,563
Leisure Time Activities	80,080					80,080
Community Environment	21,049					21,049
Basic Utility Services	50,358	21,362				71,720
Transportation	232,113	12,101				244,214
General Government	265,581					265,581
Debt Service:						
Principal Payments			43,640			43,640
Interest Payments			25,123			25,123
Capital Outlay		2,626		84,897		87,523
Total Cash Disbursements	929,335	36,089	68,763	84,897		1,119,084
Total Receipts Over/(Under) Disbursements	(64,325)	52,549	(35,147)	(3,155)	1,000	(49,078)
Other Financing Receipts and (Disbursements):						
Transfers-In			8,640			8,640
Transfers-Out	(8,640)					(8,640)
Total Other Financing Receipts and (Disbursements)	(8,640)		8,640			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(72,965)	52,549	(26,507)	(3,155)	1,000	(49,078)
Fund Cash Balances, January 1	938,898	305,022	71,711	381,315		1,696,946
Fund Cash Balances, December 31	\$865,933	\$357,571	\$45,204	\$378,160	\$1,000	\$1,647,868
Reserves for Encumbrances, December 31	\$26,707	\$4,836				\$31,543

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

**VILLAGE OF McCOMB
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	\$1,093,448
Miscellaneous	4,300
	1,097,748
Operating Cash Disbursements:	
Personal Services	100,320
Travel Transportation	567
Contractual Services	510,449
Supplies and Materials	37,492
Capital Outlay	26,438
	675,266
Total Operating Cash Disbursements	675,266
Operating Income	422,482
Non-Operating Cash Disbursements:	
Debt Service	217,612
Customer Deposits	2,829
	220,441
Total Non-Operating Cash Disbursements	220,441
Excess of Receipts Over Disbursements	202,041
Fund Cash Balances, January 1	1,019,484
Fund Cash Balances, December 31	\$1,221,525
Reserve for Encumbrances, December 31	\$82,662

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

**VILLAGE OF McCOMB
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of McComb, Hancock County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water, sewer, and gas utilities, park operations, and police 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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

Certificates of deposit are valued at cost.

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

D. 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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.

**VILLAGE OF McCOMB
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

Street Lighting Assessment Fund -This fund receives special assessments to maintain the Village street lighting.

3. Debt Service Fund

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant debt service fund:

Wastewater Plant Bond Retirement Fund – This fund receives property taxes to retire the waste water treatment plant debt.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Special Assessment Street Maintenance Fund - This fund receives special assessments to repair the Village streets.

5. 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 - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Gas Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Sidewalk Construction Fund - This fund receives deposits from residents that are required to install a sidewalk.

**VILLAGE OF McCOMB
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$1,743,920	\$1,780,066
Certificates of deposit	<u>1,105,577</u>	<u>1,089,327</u>
Total deposits	<u><u>\$2,849,497</u></u>	<u><u>\$2,869,393</u></u>

**VILLAGE OF McCOMB
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$717,643	\$766,244	\$48,601
Special Revenue	75,000	101,056	26,056
Debt Service	58,231	60,367	2,136
Capital Projects	65,000	85,624	20,624
Enterprise	995,000	1,085,587	90,587
Fiduciary	2,000	2,000	
Total	\$1,912,874	\$2,100,878	\$188,004

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,584,577	\$999,711	\$584,866
Special Revenue	432,572	57,877	374,695
Debt Service	103,434	71,477	31,957
Capital Projects	443,161	66,148	377,013
Enterprise	2,216,523	1,128,599	1,087,924
Fiduciary	2,000	1,000	1,000
Total	\$4,782,267	\$2,324,812	\$2,457,455

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$737,953	\$865,010	\$127,057
Special Revenue	79,000	88,638	9,638
Debt Service	43,830	42,256	(1,574)
Capital Projects	65,000	81,742	16,742
Enterprise	978,000	1,097,748	119,748
Fiduciary		1,000	1,000
Total	\$1,903,783	\$2,176,394	\$272,611

**VILLAGE OF McCOMB
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,676,853	\$964,682	\$712,171
Special Revenue	384,024	40,925	343,099
Debt Service	115,543	68,763	46,780
Capital Projects	446,315	84,897	361,418
Enterprise	2,050,062	978,369	1,071,693
Total	\$4,672,797	\$2,137,636	\$2,535,161

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts are credited to the General Fund.

6. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$1,539,989	3.5% to 9.78%
Ohio Public Works Commission Loans	85,558	0.00%
General Obligation Bonds	435,000	4.25% to 7.7%
Leases	134,834	9.3% to 9.5%
Total	\$2,195,381	

**VILLAGE OF McCOMB
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

The Ohio Water Development Authority (OWDA) loans relate to utility construction and improvement projects. In 1985 the Village was approved for a loan of \$291,227 for water plant improvements, this loan has a remaining balance of \$138,267 at year end. In 1987 the Village was approved for a loan of \$615,728 for waste water treatment plant improvements, this loan has a remaining balance of \$378,514 at year end. In 1999 the Village was approved for a loan of \$1,210,580 for a construction of a new drinking water treatment plant, this loan has a remaining balance of \$1,023,208 at year end. All three loans are being repaid with revenues generated from user charges of the Village utilities.

The Ohio Public Works Commission (OPWC) loans relate to the installation of waterlines in the Village. There are three separate loans issued in 1992, 1993, and 1995 in the amounts of \$68,573, \$69,613, and \$34,604, respectively, with outstanding balances at year end of \$30,855, \$34,804, and \$19,899. These notes are being retired from debt service funds with monies transferred from the General Fund.

The General Obligation Bonds were issued for the construction of the wastewater treatment plant and for purchase of a natural gas distribution system for Village residents. The wastewater treatment bonds were issued in 1989 in the amount of \$600,000, with \$235,000 outstanding at year end. The gas distribution bonds were issued in 1995 in the amount of \$400,000, with \$200,000 outstanding at year end. The wastewater treatment bonds are being retired with taxes levied on all property in the Village and the gas bonds are being retired with revenues generated through user charges.

The Village entered into two lease-to-own agreements in 2003, the first to purchase a Sewer Vacuum Truck in the original amount of \$177,334 with remaining lease payments of \$118,086 at year end. The second was for a Dura Patcher in the amount of \$48,065 with remaining lease payments \$16,748 at year end.

Amortization of the above debt, including interest, follows:

<u>Year ending December 31:</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>General Obligation Bonds</u>	<u>Leases</u>
2005	\$183,447	\$8,640	\$99,695	\$49,892
2006	183,447	8,640	99,965	32,377
2007	183,447	8,640	94,805	32,377
2008	183,447	8,639	99,615	32,378
2009	183,447	8,639	98,718	
2010-2014	761,461	39,764	42,400	
2015-2019	463,445	2,596		
2020	46,344			
Total	<u>\$2,188,485</u>	<u>\$85,558</u>	<u>\$535,198</u>	<u>\$147,024</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes

**VILLAGE OF McCOMB
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (Members).

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5 percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5 percent or \$25,000 of casualty losses and the lesser of 5 percent or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31:

	2004	2003
Assets	<u>\$6,685,522</u>	<u>\$5,402,167</u>
Liabilities	<u>2,227,808</u>	<u>1,871,123</u>
Members' Equity	<u><u>\$4,457,714</u></u>	<u><u>\$3,531,044</u></u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of McComb
Hancock County
210 E. Main Street, P.O. Box 340
McComb, Ohio 45858-0340

To the Village Council:

We have audited the financial statements of the Village of McComb, Hancock County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 13, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider 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 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 an opinion. The results of our tests disclosed

Village of McComb
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no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated October 13, 2005, we reported a matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the finance committee, management, and Village Council. It is not intended for 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

October 13, 2005

VILLAGE OF McCOMB
HANCOCK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	ORC 5705.41(D) certification of expenditures.	Yes	



**Auditor of State
Betty Montgomery**

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VILLAGE OF McCOMB

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
NOVEMBER 10, 2005**