



Dave Yost • Auditor of State



VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

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

We have audited the accompanying financial statements and related notes of the Village of Mount Cory, Hancock County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Mount Cory, Hancock County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 6, 2015

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$4,623		\$4,623
Intergovernmental	25,589	\$11,423	37,012
Special Assessments		11,795	11,795
Charges for Services	2,340		2,340
Earnings on Investments	113	40	153
Miscellaneous	2,010		2,010
<i>Total Cash Receipts</i>	<u>34,675</u>	<u>23,258</u>	<u>57,933</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	6,592	5,110	11,702
Public Health Services	1,754		1,754
Leisure Time Activities	14,903		14,903
Community Environment	264		264
Transportation		6,470	6,470
General Government	23,037		23,037
<i>Total Cash Disbursements</i>	<u>46,550</u>	<u>11,580</u>	<u>58,130</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,875)</u>	<u>11,678</u>	<u>(197)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	600	600	1,200
Advances Out	(600)	(600)	(1,200)
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(11,875)	11,678	(197)
<i>Fund Cash Balances, January 1</i>	<u>15,526</u>	<u>87,016</u>	<u>102,542</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		98,694	98,694
Assigned	3,615		3,615
Unassigned	36		36
<i>Fund Cash Balances, December 31</i>	<u>\$3,651</u>	<u>\$98,694</u>	<u>\$102,345</u>

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

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$54,358</u>
<b>Operating Cash Disbursements</b>	
Personal Services	4,947
Employee Fringe Benefits	591
Contractual Services	<u>7,117</u>
<i>Total Operating Cash Disbursements</i>	<u>12,655</u>
<i>Operating Income</i>	<u>41,703</u>
<b>Non-Operating Disbursements</b>	
Principal Retirement	(12,462)
Interest and Other Fiscal Charges	<u>(26,588)</u>
<i>Total Non-Operating Disbursements</i>	<u>(39,050)</u>
<i>Net Change in Fund Cash Balances</i>	2,653
<i>Fund Cash Balances, January 1</i>	<u>232,477</u>
<i>Fund Cash Balances, December 31</i>	<u>\$235,130</u>

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

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$4,995		\$4,995
Intergovernmental	32,800	\$11,266	44,066
Special Assessments	7,591	4,039	11,630
Charges for Services	2,170		2,170
Earnings on Investments	177		177
Miscellaneous	3,596		3,596
<i>Total Cash Receipts</i>	<u>51,329</u>	<u>15,305</u>	<u>66,634</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	5,990	3,703	9,693
Public Health Services	760		760
Leisure Time Activities	6,180		6,180
Community Environment	240		240
Transportation		3,833	3,833
General Government	27,576		27,576
<i>Total Cash Disbursements</i>	<u>40,746</u>	<u>7,536</u>	<u>48,282</u>
<i>Net Change in Fund Cash Balances</i>	10,583	7,769	18,352
<i>Fund Cash Balances, January 1</i>	<u>4,943</u>	<u>79,247</u>	<u>84,190</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		87,016	87,016
Assigned	15,483		15,483
Unassigned	43		43
<i>Fund Cash Balances, December 31</i>	<u>\$15,526</u>	<u>\$87,016</u>	<u>\$102,542</u>

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

VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$64,824</u>
<b>Operating Cash Disbursements</b>	
Personal Services	5,115
Employee Fringe Benefits	725
Contractual Services	<u>14,857</u>
<i>Total Operating Cash Disbursements</i>	<u>20,697</u>
<i>Operating Income</i>	<u>44,127</u>
<b>Non-Operating Disbursements</b>	
Principal Retirement	(11,990)
Interest and Other Fiscal Charges	<u>(26,966)</u>
<i>Total Non-Operating Disbursements</i>	<u>(38,956)</u>
<i>Net Change in Fund Cash Balances</i>	5,171
<i>Fund Cash Balances, January 1</i>	<u>227,306</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$232,477</u></u>

*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, 2014 AND 2013**

**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 Mount Cory, Hancock County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities and park operations. 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. Accounting Basis**

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

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

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing state highways within the Village.

VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

Lighting Fund – This fund receives assessments to provide lighting for the Village.

**3. 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 Fund:

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**E. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors,

VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**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.

**2. Equity in Pooled Deposits**

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

	2014	2013
Demand deposits	<u>\$337,475</u>	<u>\$335,019</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,951	\$35,275	\$324
Special Revenue	26,000	23,858	(2,142)
Enterprise	68,000	54,358	(13,642)
Total	<u>\$128,951</u>	<u>\$113,491</u>	<u>(\$15,460)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,434	\$47,150	\$3,284
Special Revenue	113,016	12,180	100,836
Enterprise	297,927	51,705	246,222
Total	<u>\$461,377</u>	<u>\$111,035</u>	<u>\$350,342</u>

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,212	\$51,329	\$5,117
Special Revenue	19,645	15,305	(4,340)
Enterprise	68,000	64,824	(3,176)
Total	<u>\$133,857</u>	<u>\$131,458</u>	<u>(\$2,399)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,043	\$40,746	\$10,297
Special Revenue	98,892	7,536	91,356
Enterprise	351,975	59,653	292,322
Total	<u>\$501,910</u>	<u>\$107,935</u>	<u>\$393,975</u>

**4. Property Tax**

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

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

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**5. Debt**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$488,100	4.25%
USDA/Rural Development Loan	106,473	4.50%
Ohio Public Works Commission Loan	27,111	
Total	\$621,684	

Mortgage Revenue Bonds were issued to finance the sewer system project the Ohio Environmental Protection Agency mandated. The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2014 is \$26,535.

The United States Department of Agriculture/Rural Development loan represents the Village's 23% share of debt incurred by the Village of Rawson for the development of the wastewater treatment plant as per the intergovernmental agreement signed with the Villages of Rawson and Benton Ridge as described in Note 6.

The Ohio Public Works Commission Loan represents the Village's 23% share of debt incurred by the Village of Rawson for sewer lagoon installation as per the intergovernmental agreement signed with the Villages of Rawson and Benton Ridge as described in Note 6.

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

	Mortgage Revenue Bond	USDA/Rural Development Loan	Ohio Public Works Commission Loan
Year ending December 31:			
2015	\$28,644	\$7,193	\$3,189
2016	28,609	7,193	3,190
2017	28,660	7,193	3,189
2018	28,595	7,193	3,190
2019	28,616	7,193	3,190
2020-2024	143,108	35,965	11,163
2025-2029	143,002	35,965	
2030-2034	143,174	35,965	
2035-2039	143,140	35,965	
2040-2044	143,039	35,816	
2045	28,669		
Total	\$887,256	\$215,641	\$27,111

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. Intergovernmental Agreement**

The Village has entered into an intergovernmental agreement with the Villages of Rawson and Benton Ridge to pay back Mortgage Revenue Bonds for \$118,000 for the construction of a wastewater treatment facility. The facility has been built and is owned by the Village of Rawson. The facility will be leased to the Villages of Benton Ridge and Mount Cory for a minimum of 40 years. The facility was built based on the aggregated population of the three villages, and the cost is shared in proportion to their populations. The Village of Mount Cory's share of the debt is 23% of bond with an interest rate of 4.5%. Each Village will have a representative on the management Board of the facility.

**7. Retirement System**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**9. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Mount Cory, Hancock County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 6, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 6, 2015

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Material Weakness**

**Monitoring Village Financial Activity**

The small size of the Village's staff does not allow for an adequate segregation of duties; the Fiscal Officer must perform all accounting functions. It is therefore important Village Council (or other committee) monitor financial activity closely. Errors were noted in the posting of revenues and expenditures to the financial statements that required reclassifications and adjustments ranging in amounts of \$7 to \$98,694. The Village's accounting records were adjusted to reflect the adjustments affecting fund balances. The accompanying financial statements were adjusted or reclassified to reflect these amounts in the proper funds and accounts. The financial statements contained material errors such as the following:

- The January 1, 2013 balances for the General and Sewer funds were adjusted by \$112 and (\$56,668) for prior audit adjustments.
- In the General Fund, there were four reclassifications for intergovernmental revenues, special assessments, general government, and leisure time activities ranging from \$750 to \$8,197 in 2013 and there were three reclassifications for intergovernmental revenues, advances in, public health services, leisure time activities, and general government ranging from \$600 to \$4,004 in 2014.
- In the Special Revenue Funds, there were two reclassifications for intergovernmental and security of persons and property ranging from \$3,703 to \$11,266 in 2013 and there were two reclassifications for intergovernmental and advances in ranging from \$600 to \$11,423 in 2014.
- In the Enterprise Funds, there was a reclassification for debt service expenditures ranging from \$11,990 to \$26,966 in 2013 and from \$12,462 to \$26,588 in 2014.
- There were reclassifications to ending fund balance in 2013 and 2014 to the General and Special Revenue funds in the classification of fund balance in accordance with GASB 54 in amounts ranging from \$3,615 to \$98,694.
- In addition, there were adjustments in 2013 and 2014 to the General and Enterprise (Sewer) funds in amounts ranging from \$7 to \$155 to post proper activity to the books to correct ending fund balances.

Due to a deficiency in monitoring financial activity these variances contributed to the fund balances not being fully reconciled to the bank and could allow the Village to spend funds in excess of the amounts available.

To help ensure the financial position of the funds presented to Village Council is complete and accurate we recommend:

- The Fiscal Officer post all transactions in accordance with the guidance established by the Ohio Village Officer's Handbook issued by the Auditor of State.
- Council adopt procedures for reviewing the financial statements for accuracy.
- All variances on monthly bank reconciliations should be identified and provided to Council or the Finance Committee. Periodically, the reconciliation should be verified for accuracy and documentation of the review noted.

**FINDING NUMBER 2014-001  
(Continued)**

**Officials' Response:**

We did not receive a response from Officials to this finding.

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	<b>Ohio Rev. Code § 5705.41(D)</b> for improper certification of funds.	No	Partially corrected. Reissued in the management letter.
2012-002	Material weakness due to errors in reporting.	No	Not corrected. Reissued as Finding 2014-001 in this report.

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# Dave Yost • Auditor of State

**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 26, 2015**