



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Mount Cory  
Hancock County  
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 of the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Mount Cory, Hancock County, Ohio (the Village).

### ***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 such 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 opinions.

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Efficient • Effective • Transparent

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

As described in Note 2 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, 2020 and 2019, and the respective 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 cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village, 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 2.

***Emphasis of Matter***

As discussed in Note 13 to the 2020 financial statements and in Note 12 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2021, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 6, 2021

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**Village of Mount Cory, Ohio**  
*Hancock County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$5,938		\$5,938
Municipal Income Tax	46,341		46,341
Intergovernmental	38,390	\$82,592	120,982
Special Assessments		17,043	17,043
Earnings on Investments	2,514	6	2,520
Miscellaneous	2,023		2,023
<i>Total Cash Receipts</i>	<u>95,206</u>	<u>99,641</u>	<u>194,847</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	7,117	5,390	12,507
Public Health Services		52,582	52,582
Leisure Time Activities	10,552		10,552
Basic Utility Services	264		264
Transportation		20,609	20,609
General Government	26,103		26,103
<i>Total Cash Disbursements</i>	<u>44,036</u>	<u>78,581</u>	<u>122,617</u>
<i>Excess of Receipts Over Disbursements</i>	<u>51,170</u>	<u>21,060</u>	<u>72,230</u>
<b>Other Financing Disbursements</b>			
Other Financing Uses	(4,804)		(4,804)
<i>Net Change in Fund Cash Balances</i>	46,366	21,060	67,426
<i>Fund Cash Balances, January 1</i>	<u>164,275</u>	<u>179,669</u>	<u>343,944</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$210,641</u></u>	<u><u>\$200,729</u></u>	<u><u>\$411,370</u></u>

See accompanying notes to the basic financial statements

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Enterprise Funds*  
*For the Year Ended December 31, 2020*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$65,860
<b>Operating Cash Disbursements</b>	
Personal Services	7,781
Employee Fringe Benefits	980
Contractual Services	2,829
Supplies and Materials	7,179
<i>Total Operating Cash Disbursements</i>	18,769
<i>Operating Income</i>	47,091
<b>Non-Operating Disbursements</b>	
Capital Outlay	(3,084)
Principal Retirement	(13,473)
Interest and Other Fiscal Charges	(23,282)
<i>Total Non-Operating Disbursements</i>	(39,839)
<i>Net Change in Fund Cash Balances</i>	7,252
<i>Fund Cash Balances, January 1</i>	225,759
<i>Fund Cash Balances, December 31</i>	\$233,011
<i>See accompanying notes to the basic financial statements</i>	

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Mount Cory (the Village), Hancock County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities and park operations.

***Jointly Governed Organization***

The Village participates in one jointly governed organization. Note 14 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Streets/Lighting/Sidewalk Fund*** The streets/lighting/sidewalk fund accounts for and reports special assessments that are restricted tree removal and/or replacement, street lighting, and sidewalk repair or replacement.

***Permissive Motor Vehicle License Tax Fund*** The permissive motor vehicle license tax fund accounts for and reports license taxes restricted for construction, maintenance, and repair of streets within the Village.

***Coronavirus Relief Fund*** The coronavirus relief fund accounts for and reports coronavirus relief funds restricted for pandemic related expenditures.

***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:

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Sewer Operating Fund** The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Basis of Accounting***

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 Board 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.

***Budgetary Process***

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

**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. Unencumbered appropriations lapse at year end.

**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 approve estimated resources.

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

A summary of 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***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:

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,161	\$95,206	\$28,045
Special Revenue	87,753	99,641	11,888
Enterprise	56,000	65,860	9,860
Total	<u>\$210,914</u>	<u>\$260,707</u>	<u>\$49,793</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$231,436	\$53,261	\$178,175
Special Revenue	267,462	78,953	188,509
Enterprise	281,759	59,868	221,891
Total	<u>\$780,657</u>	<u>\$192,082</u>	<u>\$588,575</u>

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	<u>2020</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$214,585
Other time deposits (savings and NOW accounts)	<u>429,796</u>
Total carrying amount of deposits held in the Pool	<u><u>\$644,381</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

***Income Taxes***

The Village levies a municipal income tax of one 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.

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Social Security***

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds	\$435,500	4.25%
USDA/Rural Development Loan	89,462	4.50%
Ohio Public Works Commission Loan	11,164	0%
Total	<u>\$536,126</u>	

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

Mortgage Revenue Bonds were issued to finance the sewer system project to 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, 2020 is \$28,700.

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 10.

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 10. The Ohio Public Works Commission deferred the July 2020 payment until 2021 or later due to the COVID-19 pandemic.

**Amortization**

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

Year Ending December 31:	Mortgage Revenue Bonds	USDA/Rural Development Loan	OPWC Loan
2021	\$28,609	\$6,539	\$4,784
2022	28,580	6,539	3,190
2023	28,633	6,539	3,190
2024	28,666	6,539	
2025	28,577	6,539	
2026-2030	143,044	32,695	
2031-2035	143,170	32,695	
2036-2040	143,150	32,695	
2041-2045	143,039	26,007	
Total	<u>\$715,468</u>	<u>\$156,787</u>	<u>\$11,164</u>

**Note 10 – 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 the bond with an interest rate of 4.5%. Each Village will have a representative on the management Board of the facility.

**Note 11 – 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.



**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$4,421	\$372	\$4,793

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$52,582 was sub-granted to other governments. These amounts are reflected as public health services expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements. The remaining balance of \$571 was encumbered and carried over, which is required to be spent or returned to the granting agency by December 31, 2021.

**Note 14 – Jointly Governed Organization**

The Village participates in a jointly governed organization along with Union Township, Van Buren Township, the Village of Jenera, and the Village of Rawson, making up the Southwestern Hancock Joint Fire District. Each entity appoints one representative as a member on the Southwestern Hancock Joint Fire District Board.

**Village of Mount Cory, Ohio**  
*Hancock County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$5,214		\$5,214
Municipal Income Tax	47,907		47,907
Intergovernmental	34,610	\$15,187	49,797
Special Assessments		15,099	15,099
Charges for Services	1,205		1,205
Earnings on Investments	6,826	5	6,831
Miscellaneous	4,673		4,673
<i>Total Cash Receipts</i>	<u>100,435</u>	<u>30,291</u>	<u>130,726</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	5,449	3,034	8,483
Leisure Time Activities	7,395		7,395
Basic Utility Services	220		220
Transportation		11,495	11,495
General Government	24,197		24,197
<i>Total Cash Disbursements</i>	<u>37,261</u>	<u>14,529</u>	<u>51,790</u>
<i>Excess of Receipts Over Disbursements</i>	<u>63,174</u>	<u>15,762</u>	<u>78,936</u>
<b>Other Financing Disbursements</b>			
Other Financing Uses	(10,340)		(10,340)
<i>Net Change in Fund Cash Balances</i>	52,834	15,762	68,596
<i>Fund Cash Balances, January 1</i>	<u>111,441</u>	<u>163,907</u>	<u>275,348</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		179,669	179,669
Assigned	164,275		164,275
<i>Fund Cash Balances, December 31</i>	<u>\$164,275</u>	<u>\$179,669</u>	<u>\$343,944</u>

*See accompanying notes to the basic financial statements*

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Enterprise Funds*  
*For the Year Ended December 31, 2019*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$55,157
<b>Operating Cash Disbursements</b>	
Personal Services	7,699
Employee Fringe Benefits	671
Contractual Services	4,609
Supplies and Materials	8,739
<i>Total Operating Cash Disbursements</i>	21,718
<i>Operating Income</i>	33,439
<b>Non-Operating Disbursements</b>	
Capital Outlay	(1,655)
Principal Retirement	(12,979)
Interest and Other Fiscal Charges	(23,771)
<i>Total Non-Operating Disbursements</i>	(38,405)
<i>Net Change in Fund Cash Balances</i>	(4,966)
<i>Fund Cash Balances, January 1</i>	230,725
<i>Fund Cash Balances, December 31</i>	\$225,759
<i>See accompanying notes to the basic financial statements</i>	

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Mount Cory (the Village), Hancock County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities and park operations.

***Jointly Governed Organization***

The Village participates in one jointly governed organization. Note 13 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Streets/Lighting/Sidewalk Fund*** The streets/lighting/sidewalk fund accounts for and reports special assessments that are restricted tree removal and/or replacement, street lighting, and sidewalk repair or replacement.

***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 Operating Fund*** The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Basis of Accounting***

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 Board 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.

***Budgetary Process***

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

***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. Unencumbered appropriations lapse at year end.

***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 approve estimated resources.

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

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***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:

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

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

**Village of Mount Cory, Ohio**  
*Hancock County*  
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**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,327	\$100,435	\$48,108
Special Revenue	23,000	30,291	7,291
Enterprise	56,000	55,157	(843)
Total	\$131,327	\$185,883	\$54,556

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$163,836	\$53,077	\$110,759
Special Revenue	186,908	15,584	171,324
Enterprise	258,517	64,567	193,950
Total	\$609,261	\$133,228	\$476,033

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

**Village of Mount Cory, Ohio**  
*Hancock County*  
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*For the Year Ended December 31, 2019*

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	<u>2019</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$151,715
Other time deposits (savings and NOW accounts)	<u>417,988</u>
Total carrying amount of deposits held in the Pool	<u><u>\$569,703</u></u>

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

***Income Taxes***

The Village levies a municipal income tax of one 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.

**Note 6 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Social Security***

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds	\$445,200	4.25%
USDA/Rural Development Loan	91,640	4.50%
Ohio Public Works Commission Loan	<u>12,759</u>	0%
Total	<u><u>\$549,599</u></u>	

Mortgage Revenue Bonds were issued to finance the sewer system project to 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, 2019 is \$28,700.

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 10.



**Village of Mount Cory, Ohio**  
*Hancock County*  
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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 10.

**Amortization**

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

Year Ending December 31:	Mortgage Revenue Bonds	USDA/Rural Development Loan	OPWC Loan
2020	\$28,621	\$6,539	\$3,190
2021	28,609	6,539	3,189
2022	28,580	6,539	3,190
2023	28,633	6,539	3,190
2024	28,666	6,539	
2025-2029	143,002	32,695	
2030-2034	143,174	32,695	
2035-2039	143,140	32,695	
2040-2044	143,039	32,546	
2045	28,669		
Total	<u>\$744,133</u>	<u>\$163,326</u>	<u>\$12,759</u>

**Note 10 – 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 the bond with an interest rate of 4.5%. Each Village will have a representative on the management Board of the facility.

**Note 11 – 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.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Village of Mount Cory, Ohio**  
*Hancock County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 13 – Jointly Governed Organization**

The Village participates in a jointly governed organization along with Union Township, Van Buren Township, the Village of Jenera, and the Village of Rawson, making up the Southwestern Hancock Joint Fire District. Each entity appoints one representative as a member on the Southwestern Hancock Joint Fire District Board.



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NorthwestRegion@ohioauditor.gov

**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  
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 cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Mount Cory, Hancock County, Ohio (the Village) and have issued our report thereon dated July 6, 2021, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village’s internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 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 financial statements. 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 6, 2021

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following errors were noted in the accompanying 2020 and 2019 financial statements and notes to the financial statements:

- In 2020 and 2019, the Village incorrectly posted \$5,938 and \$5,214, respectively, of Property and Other Local Taxes as Intergovernmental revenues in the General Fund.
- In 2020 and 2019, the Village incorrectly posted \$1,059 and \$11,432, respectively, of Interest and Other Fiscal Charges as Principal Retirement in the Enterprise Fund.
- In 2019, fund balance was improperly classified as Unassigned instead of Assigned in the General Fund in the amount of \$164,275.
- In 2020 and 2019 notes to the financial statements, we noted the omission of the Postemployment Benefits, Fund Balances (2020 only), COVID-19, and Jointly Governed Organization notes and parts of the Summary of Significant Accounting Policies, Budgetary Activity, Income Taxes, and Defined Benefit Pension Plans notes. In addition, we noted errors in the amounts in the Deposits and Debt notes.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified an additional misstatement for \$250 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Fiscal Officer and Council, to identify and correct errors and omissions. The Fiscal Officer should also review the Village Handbook, Uniform Accounting Network (UAN) Manual, and Audit Bulletin 2011-004 for information on GASB Statement No. 54.

**Officials' Response:**

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

VILLAGE OF MOUNT CORY  
P.O. BOX 5  
MOUNT CORY, OHIO 45868-0005

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Finding first reported in 2008. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2020-001 in this report.	No corrective action was taken. However, Fiscal Officer will review the errors and make corrections going forward.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MOUNT CORY**

**HANCOCK COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/20/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)