



Dave Yost • Auditor of State



VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

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# Dave Yost • Auditor of State

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

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 an 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 adverse 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 black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

July 25, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Mount Cory, Hancock County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2010 and 2009 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, 2010 and 2009, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Mount Cory, Hancock County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 July 25, 2011, 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.

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

July 25, 2011



**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$3,732		\$3,732
Intergovernmental	59,756	\$10,734	70,490
Special Assessments		74	74
Charges for Services	2,020		2,020
Earnings on Investments	639		639
Miscellaneous	47		47
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	66,194	10,808	77,002
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	10,775	7,283	18,058
Leisure Time Activities	9,012		9,012
Basic Utility Service	2,686		2,686
Transportation		4,856	4,856
General Government	30,284		30,284
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	52,757	12,139	64,896
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	13,437	(1,331)	12,106
Fund Cash Balances, January 1	13,912	77,136	91,048
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$27,349</u></b>	<b><u>\$75,805</u></b>	<b><u>\$103,154</u></b>

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

VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$49,290</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	5,275
Contractual Services	<u>8,214</u>
Total Operating Cash Disbursements	<u>13,489</u>
Operating Income	<u>35,801</u>
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	10,992
Interest and Other Fiscal Charges	<u>28,019</u>
Total Non-Operating Cash Disbursements	<u>39,011</u>
Net Disbursements Over Receipts	(3,210)
Fund Cash Balances, January 1	<u>219,934</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$216,724</u></u></b>

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

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$4,711		\$4,711
Intergovernmental	47,410	\$10,834	58,244
Special Assessments		14	14
Charges for Services	1,415		1,415
Earnings on Investments	1,409		1,409
	<u>54,945</u>	<u>10,848</u>	<u>65,793</u>
<b>Total Cash Receipts</b>			
	<u>54,945</u>	<u>10,848</u>	<u>65,793</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	14,569	6,647	21,216
Public Health Services	838		838
Leisure Time Activities	12,194		12,194
Basic Utility Service	1,204		1,204
Transportation	2,688	2,410	5,098
General Government	27,756		27,756
	<u>59,249</u>	<u>9,057</u>	<u>68,306</u>
<b>Total Cash Disbursements</b>			
	<u>59,249</u>	<u>9,057</u>	<u>68,306</u>
Total Receipts Over/(Under) Disbursements	(4,304)	1,791	(2,513)
Fund Cash Balances, January 1	18,216	75,345	93,561
	<u>18,216</u>	<u>75,345</u>	<u>93,561</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$13,912</b></u>	<u><b>\$77,136</b></u>	<u><b>\$91,048</b></u>

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

VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$62,519</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	5,523
Contractual Services	<u>21,618</u>
Total Operating Cash Disbursements	<u>27,141</u>
Operating Income	<u>35,378</u>
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	<u>6,497</u>
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	12,456
Redemption of Principal	10,632
Interest and Other Fiscal Charges	<u>28,338</u>
Total Non-Operating Cash Disbursements	<u>51,426</u>
Net Disbursements Over Receipts	(9,551)
Fund Cash Balances, January 1	<u>229,485</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$219,934</u></u></b>

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

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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, Ohio (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 the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**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 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 private-purpose 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.

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

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

VILLAGE OF MOUNT CORY  
HANCOCK COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 a flat monthly fee from residents to cover sewer service costs and retire the debt on the construction of the sewer system.

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

E. 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:

	2010	2009
Demand deposits	<u>\$319,878</u>	<u>\$310,982</u>

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

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,670	\$66,194	\$11,524
Special Revenue	22,000	10,808	(11,192)
Enterprise	68,000	49,290	(18,710)
Total	\$144,670	\$126,292	(\$18,378)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,256	\$52,757	\$15,499
Special Revenue	99,136	12,139	86,997
Enterprise	290,114	52,500	237,614
Total	\$457,506	\$117,396	\$340,110

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,812	\$54,945	(\$4,867)
Special Revenue	17,600	10,848	(6,752)
Enterprise	66,000	69,016	3,016
Total	\$143,412	\$134,809	(\$8,603)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$61,826	\$59,249	\$2,577
Special Revenue	116,566	9,057	107,509
Enterprise	305,442	78,567	226,875
Total	\$483,834	\$146,873	\$336,961

**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, 2010 AND 2009  
(Continued)**

**4. Property Tax (Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. Debt**

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$516,600	4.25%
USDA/Rural Development Loan	112,743	4.50%
Ohio Public Works Commission Loan	39,869	
Total	\$669,212	

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, 2010 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 8.

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 8.

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

	Mortgage Revenue Bonds	USDA/Rural Development Loan	Ohio Public Works Commission Loan
Year ending December 31:			
2011	\$28,655	\$7,193	\$3,189
2012	28,671	7,193	3,190
2013	28,573	7,193	3,189
2014	28,667	7,193	3,190
2015	28,644	7,193	3,189
2016-2020	143,100	35,965	15,948
2021-2025	143,065	35,965	7,974
2026-2030	143,044	35,965	
2031-2035	143,171	35,965	
2036-2040	143,149	35,965	
2041-2045	143,083	28,623	
Total	\$1,001,822	\$244,413	\$39,869



**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, 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, 2010.

**7. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

**8. 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.

**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.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Mount Cory, Hancock County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 25, 2011, 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. 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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-002 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, 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item, 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 25, 2011.

We intend this report solely for the information and use of management, the finance committee, Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

July 25, 2011

**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

**Noncompliance Citation**

**Ohio Revised Code, § 5705.41(D)(1)**, states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the clerk-treasurer of the subdivision that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the requirement stated above that a clerk-treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, each of which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**"Then and Now" Certificate** – If the clerk-treasurer can certify both at the time the contract or order was made ("then"), and at the time the clerk-treasurer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of an appropriate fund free from any previous encumbrances, the Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the clerk-treasurer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by Council.

**Blanket Certificate** – Clerk-Treasurers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the clerk-treasurer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

No transactions were certified by the Clerk-Treasurer at the time the commitments were incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Certification is not only required by Ohio law, but it is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Council.

**FINDING NUMBER 2010-001  
(Continued)**

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

**FINDING NUMBER 2010-002**

**Material Weakness**

**Monitoring Village Financial Activity**

The small size of the Village's staff does not allow for an adequate segregation of duties; the Clerk-Treasurer 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 twenty-four audit reclassifications and adjustments ranging in amounts \$74 to \$62,519. The Village's accounting records were adjusted to reflect the adjustments they were required to make affecting fund balances. The accompanying financial statements were adjusted or reclassified to reflect these amounts in the proper funds or accounts including:

- Intergovernmental revenues were posted as taxes and miscellaneous in the General and Special Revenue funds in the amounts of \$7,976 and \$4,960 in 2009 and 2010, respectively.
- In 2009 and 2010, charges for services in the Enterprise fund in the amount of \$62,519 and \$45,210, respectively, were posted as miscellaneous revenue.
- In 2009, intergovernmental revenue in the Enterprise fund in the amount of \$6,497 was posted as miscellaneous revenue.
- Debt principal and interest payments were posted as capital outlay and contractual services in the amounts of \$38,970 and \$10,383 in 2009 and 2010, respectively.

In addition, the following deficiencies over monitoring of financial activity were encountered:

- The Village's fund balances were not reconciled to the bank. Adjustments were required to balance the books to the bank for: overdraft fees of \$270 and \$300, in 2009 and 2010, respectively; expenditures made and not posted to the books in the amount of \$30,427; December, 2010 utility collections of \$4,080 not recorded until January, 2011; a receipt posted at \$13 instead of \$513 in 2010; and a few miscellaneous bank charges for transfers and checks. These items required adjustment and are reflected in the accompanying financial statements and Village's accounting records.
- Deposits were made no more than once a month by the Clerk/Treasurer.
- The receipts ledger did not reflect estimated receipts as reported in Note 3 to the financial statements in 2010 and 2009, respectively as certified by the county budget commission.

These deficiencies resulted in the books not being accurate and could allow the Village to spend funds in excess of the amounts available. Monies not deposited into the bank in a timely manner have an increase risk of theft.

**FINDING NUMBER 2010-002  
(Continued)**

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

- The Clerk-Treasurer post all transaction in accordance with the guidance established by the Ohio Village Officers' Handbook issued by the Auditor of State.
- Council adopt procedures for reviewing the financial statements for accuracy.
- Monthly bank reconciliations should be performed and provided to Council or the Finance Committee. Periodically, the reconciliation should be verified for accuracy and documentation of the review noted.
- The Clerk/Treasurer deposit monies in a timely manner.
- Estimated receipts should be reported on the monthly Revenue History Report presented to Council.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

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**VILLAGE OF MOUNT CORY  
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

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>
2008-001	ORC § 5705.10 – Receipts posted to incorrect funds	No	Immaterial amounts this audit, reduced to a management letter comment.
2008-002	ORC § 5705.41(D) – Certification of funds	No	Reissued as Finding 2010-001 in this report.
2008-003	Financial reporting material weakness	No	Reissued as Finding 2010-002 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  
AUGUST 9, 2011