



***VILLAGE OF LAURELVILLE  
HOCKING COUNTY***

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**Regular Audit**

**For the Years Ended  
December 31, 2017 and 2016**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Village Council  
Village of Laurelville  
18751 Main Street  
P. O. Box 393  
Laurelville, Ohio 43135

We have reviewed the *Independent Auditor's Report* of the Village of Laurelville, Hocking County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Laurelville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 20, 2018

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**VILLAGE OF LAURELVILLE, HOCKING COUNTY**

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For the Years Ended December 31, 2017 and 2016

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## Independent Auditor's Report

Village Council  
Village of Laurelville  
18751 Main Street  
P.O. Box 393  
Laurelville, OH 43135-0393

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Laurelville, Hocking County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***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 statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls 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.

Members of Council  
Village of Laurelville, Hocking County  
Independent Auditor's Report

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

As described in Note 2 of the December 31, 2017 and 2016 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 American (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, 2017 and 2016, or changes in financial position or cash flows thereof for the year 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 Laurelville, Hocking County as of December 31, 2017 and 2016, 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) permits, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2018 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.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 11, 2018



**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2017**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	
<b><u>Cash Receipts:</u></b>				
Property and Local Taxes	\$58,816	\$0	\$0	\$58,816
Intergovernmental	13,027	58,506	0	71,533
Charges for Service	17,170	200,000	0	217,170
Fines, Licenses, and Permits	6,756	871	0	7,627
Earnings on Investments	1,703	90	0	1,793
Miscellaneous	10,575	15,576	0	26,151
<b>Total Cash Receipts</b>	<b>108,047</b>	<b>275,043</b>	<b>0</b>	<b>383,090</b>
<b><u>Cash Disbursements:</u></b>				
<i>Current:</i>				
General Government	32,326	693	0	33,019
Security of Persons and Property	44,674	128,891	0	173,565
Leisure Time Activities	2,025	0	0	2,025
Community Environment	156	0	0	156
Basic Utility Service	12,161	0	0	12,161
Transportation	0	26,852	0	26,852
Capital Outlay	0	8,250	0	8,250
Debt Service:				
Principal	0	69,068	0	69,068
Interest and Fiscal Charges	0	6,643	0	6,643
<b>Total Cash Disbursements</b>	<b>91,342</b>	<b>240,397</b>	<b>0</b>	<b>331,739</b>
Cash Receipts Over/(Under) Cash Disbursements	16,705	34,646	0	51,351
<b><u>Other Financing Receipts (Disbursements)</u></b>				
Other Debt Proceeds	0	8,250	0	8,250
<b>Total Other Financing Receipts (Disbursements)</b>	<b>0</b>	<b>8,250</b>	<b>0</b>	<b>8,250</b>
Net Change in Fund Cash Balance	16,705	42,896	0	59,601
Fund Cash Balances, January 1, As Restated	26,370	225,343	23	251,736
Restricted	0	268,239	23	268,262
Unassigned	43,075	0	0	43,075
<b>Fund Cash Balances, December 31</b>	<b>\$43,075</b>	<b>\$268,239</b>	<b>\$23</b>	<b>\$311,337</b>

See accompanying notes to the financial statements.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2017**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<b><u>Operating Cash Receipts:</u></b>			
Charges for Services	\$212,887	\$0	\$212,887
Total Operating Cash Receipts	212,887	0	212,887
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	57,633	0	57,633
Employee Fringe Benefits	19,248	0	19,248
Contractual Services	71,138	0	71,138
Supplies and Materials	52,446	0	52,446
Other	6,600	0	6,600
Total Operating Cash Disbursements	207,065	0	207,065
Operating Income (Loss)	5,822	0	5,822
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>			
Principal Retirement	(7,066)	0	(7,066)
Interest and Other Fiscal Charges	(1,545)	0	(1,545)
Other Non-Operating Cash Receipts	0	18,004	18,004
Other Non-Operating Cash Disbursements	0	(19,992)	(19,992)
Total Non-Operating Cash Receipts (Disbursements)	(8,611)	(1,988)	(10,599)
Net Change in Fund Cash Balances	(2,789)	(1,988)	(4,777)
Fund Cash Balances, January 1, As Restated	790,928	3,186	794,114
<b>Fund Cash Balances, December 31</b>	<b>\$788,139</b>	<b>\$1,198</b>	<b>\$789,337</b>

See accompanying notes to the financial statements.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Laurelville, Hocking County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides road maintenance, police protection, water and sewer utilities, and refuse collection. 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.

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

**A. Basis of Presentation**

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

**B. 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:

**General Fund:** The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

**Special Revenue Funds:** These funds are used to account for proceeds from specific sources (other than 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* – 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.

*State Highway* – The state highway fund accounts for and reports that portion of the State and county gasoline tax restricted for construction, maintenance and repair of streets with the Village.

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

*Fire Department Fund* – This fund is used to account for receipts from fire contracts with neighboring townships for the operation of the fire department.

*Mayor's Court Computer Fund* – The Mayor's court computer fund accounts for and reports the portion of fines collected restricted for office supplies.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**Enterprise Funds:** These funds are used to 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 has the following significant Enterprise Fund:

*Water Operating Fund* - This fund receives charges for services from residents to cover water service costs.

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

*Guaranteed Deposits* - The guaranteed deposits fund accounts for deposits made for water and sanitary sewer services for residents within and outside the Village.

*Waste Water Treatment Fund* - This fund receives charges for services from residents of the Village of Adelphi to cover the cost of providing access to Laurelville's waste water treatment facility.

**Agency Funds:** These funds are used to account for custodial funds held by the Village acting as an agent for another government, organization, individual, or fund. The Village has the following significant agency fund:

*Mayor's Court Fund* – This agency fund is used to account for the activities of the Mayor's Court.

**C. Basis of Accounting**

The Village's financial statements follow the basis of accounting 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 basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The 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.

**D. Budgetary Process**

The Ohio Revised Code requires that each Village 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations may not exceed estimated resources. Unencumbered appropriations lapse at year end.

**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 certify estimated resources.

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

A summary of 2017 budgetary activity appears in Note 3.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**E. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**G. Fund Balances**

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.

**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*. 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.

**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.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 3 – Budgetary Basis of Accounting**

The Village’s budgetary activity for the year ending December 31, 2017 was as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$90,650	\$108,047	\$17,397
Special Revenue	214,596	275,043	60,447
Enterprise	199,600	212,887	13,287
<i>Total</i>	\$504,846	\$595,977	\$91,131

2017 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$115,625	\$91,342	\$24,283
Special Revenue	351,317	240,397	110,920
Enterprise	727,850	215,676	512,174
<i>Total</i>	\$1,194,792	\$547,415	\$647,377

**Note 4 – Cash and Investments**

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2017
Demand Deposits	\$1,100,674
Total	\$1,100,674

Deposits are insured by the Federal Depository Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS).

**Note 5- 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 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. 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.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 6 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Then Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

**Financial Position**

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017 and 2016 (the latest information available):

Combined Coverage	2017	2016
Assets	\$44,452,326	\$42,182,281
Liabilities	(13,004,011)	(13,396,700)
Retained Earnings	\$31,448,315	\$28,785,581

The Casualty Coverage assets and retained earnings above include approximately \$11.3 million of unpaid claims to be billed to approximately 527 member governments in the future, as of December 31, 2017. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2016 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees of the Village 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.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 7 – Defined Benefit Pension Plans** (continued)

The Ohio Revised Code also prescribes contribution rates. 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, 2017.

Retirement Rates	Year	Member Rate	Employer Rate
OPERS - Local	2012-2017	10%	14%

***Social Security***

Several elected Village officials contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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, 2017.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 of both the traditional pension and the combined plans. OPERS contributes 1 percent of the employer contribution to fund these benefits.

**Note 9 – Debt**

A schedule of changes in long-term obligations of the Village during 2017 follows:

	Interest Rate	Principal Balance 12-31-16	Issued in 2017	Retired in 2017	Principal Balance 12-31-17
2012 Fire Truck Loan (2 Door)	3.52%	\$71,618	\$0	\$35,183	\$36,435
2012 Fire Truck Loan (4 Door)	3.02%	103,985	0	32,776	71,209
Zenner Automated Metering Units	3.35%	46,112	0	7,066	39,046
John Deere Lease/Purchase	4.50%	0	8,250	1,109	7,141
		\$221,715	\$8,250	\$76,134	\$153,831

The loans are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Village entered into a Municipal Lease Purchase Agreement in 2015 through Government Capital Corporation for the purchase of 313 Zenner Automated Metering Units in the amount of \$53,112 for seven years. The Village will make monthly payments of \$8,611 over the life of the loan.

In 2017, the Village entered into a Lease Purchase Agreement through Deere Credit Inc. for the lease/purchase of a 2016 JD 930M Commercial Zero Turn Mower in the amount of \$8,250 for 36 months. The Village will make monthly payment of \$245 over the life of the lease.



**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**Note 9 – Debt**(continued)

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

	Fire Truck Loan (4 Door)		Fire Truck Loan (2 Door)		Zenner Automated Metering Units		John Deere Equipment	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$35,511	\$1,265	\$36,435	\$75	\$7,303	\$1,308	\$2,660	\$277
2019	35,698	1,078	0	0	7,548	1,063	2,554	156
2020	0	0	0	0	7,801	810	1,927	33
2021	0	0	0	0	8,062	549	0	0
2022	0	0	0	0	8,332	279	0	0
Total	<u>\$71,209</u>	<u>\$2,343</u>	<u>\$36,435</u>	<u>\$75</u>	<u>\$39,046</u>	<u>\$4,009</u>	<u>\$7,141</u>	<u>\$466</u>

**Note 10 – Prior Period Adjustment**

In January 2017, the Village had voided previously issued checks. This resulted in a restatement of the prior period cash balance in the General, Special Revenue and Enterprise Funds. The Agency Fund understated balance is due to the timing of recording the agency fund activity.

	General Fund	Special Revenue Funds	Enterprise Fund	Agency Fund
Fund Balance at December 31, 2016	\$25,522	\$223,924	\$789,502	\$3,186
Over/(Under)statement of Cash and Cash Equivalents	848	1,419	1,426	(746)
Adjusted Fund Balance at December 31, 2016	<u>\$26,370</u>	<u>\$225,343</u>	<u>\$790,928</u>	<u>\$2,440</u>

**Note 11 – Fund Cash Balances**

As of December 31, 2017, fund balances are composed of the following:

	General	Special Revenue	Capital Projects	Total
<i>Restricted:</i>				
Emergency Medical Services	\$0	\$311	\$0	\$311
Police	0	3,809	0	3,809
Fire	0	237,959	0	237,959
Economic Development	0	9	23	32
Road Maintenance & Improvement	0	26,151	0	26,151
<i>Unassigned</i>	43,075	0	0	43,075
Total	<u>\$43,075</u>	<u>\$268,239</u>	<u>\$23</u>	<u>\$311,337</u>

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 12 – 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.

The Village is currently involved in a dispute with the United States Environmental Protection Agency (EPA) concerning a grant received by the Village. The EPA has disallowed several of the expenses made by the Village with the grant funds and therefore, the EPA is asking the Village to refund a portion of the grant. The Village disagrees with this assessment and is currently in negotiations with the EPA in attempt to resolve the issue.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2016**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	
<b><u>Cash Receipts:</u></b>				
Property and Local Taxes	\$40,254	\$0	\$0	\$40,254
Intergovernmental	18,891	48,526	0	67,417
Charges for Service	17,587	197,251	0	214,838
Fines, Licenses, and Permits	8,170	528	0	8,698
Earnings on Investments	1,001	53	0	1,054
Miscellaneous	4,125	1,450	0	5,575
<b>Total Cash Receipts</b>	<b>90,028</b>	<b>247,808</b>	<b>0</b>	<b>337,836</b>
<b><u>Cash Disbursements:</u></b>				
<i>Current:</i>				
General Government	28,375	806	0	29,181
Security of Persons and Property	50,848	92,957	0	143,805
Leisure Time Activities	328	0	0	328
Community Environment	317	0	0	317
Basic Utility Services	12,880	0	0	12,880
Transportation	0	26,202	0	26,202
<i>Debt Service:</i>				
Principal	0	90,659	0	90,659
Interest and Fiscal Charges	0	8,570	0	8,570
<b>Total Cash Disbursements</b>	<b>92,748</b>	<b>219,194</b>	<b>0</b>	<b>311,942</b>
Cash Receipts Over/(Under) Cash Disbursements	(2,720)	28,614	0	25,894
Fund Cash Balances, January 1	28,242	195,310	23	223,575
Restricted	0	223,924	23	223,947
Unassigned	25,522	0	0	25,522
<b>Fund Cash Balances, December 31</b>	<b>\$25,522</b>	<b>\$223,924</b>	<b>\$23</b>	<b>\$249,469</b>

See accompanying notes to the financial statements.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2016**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<b><u>Operating Cash Receipts:</u></b>			
Charges for Services	\$211,619	\$0	\$211,619
Miscellaneous	809	0	809
Total Operating Cash Receipts	<u>212,428</u>	<u>0</u>	<u>212,428</u>
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	40,451	0	40,451
Employee Fringe Benefits	18,964	0	18,964
Contractual Services	86,816	0	86,816
Supplies and Materials	22,667	0	22,667
Other	5,200	0	5,200
Total Operating Cash Disbursements	<u>174,098</u>	<u>0</u>	<u>174,098</u>
Operating Income (Loss)	38,330	0	38,330
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>			
Principal Retirement	(7,000)	0	(7,000)
Interest and Other Fiscal Charges	(1,611)	0	(1,611)
Other Non-Operating Cash Receipts	0	11,315	11,315
Other Non-Operating Cash Disbursements	0	(10,569)	(10,569)
Total Non-Operating Cash Receipts (Disbursements)	<u>(8,611)</u>	<u>746</u>	<u>(7,865)</u>
Net Change in Fund Cash Balances	29,719	746	30,465
Fund Cash Balances, January 1	<u>759,783</u>	<u>2,440</u>	<u>762,223</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$789,502</u></u></b>	<b><u><u>\$3,186</u></u></b>	<b><u><u>\$792,688</u></u></b>

See accompanying notes to the financial statements.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Laurelville, Hocking County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides road maintenance, police protection, water and sewer utilities, and refuse collection. 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.

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

**A. Basis of Presentation**

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

**B. 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:

**General Fund:** The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

**Special Revenue Funds:** These funds are used to account for proceeds from specific sources (other than 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* – 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.

*State Highway* – The state highway fund accounts for and reports that portion of the State and county gasoline tax restricted for construction, maintenance and repair of streets with the Village.

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

*Fire Department Fund* – This fund is used to account for receipts from fire contracts with neighboring townships for the operation of the fire department.

*Mayor's Court Computer Fund* – The Mayor's court computer fund accounts for and reports the portion of fines collected restricted for office supplies.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**Enterprise Funds:** These funds are used to 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 has the following significant Enterprise Fund:

*Water Operating Fund* - This fund receives charges for services from residents to cover water service costs.

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

*Guaranteed Deposits* - The guaranteed deposits fund accounts for deposits made for water and sanitary sewer services for residents within and outside the Village.

*Waste Water Treatment Fund* - This fund receives charges for services from residents of the Village of Adelphi to cover the cost of providing access to Laurelville's waste water treatment facility.

**Agency Funds:** These funds are used to account for custodial funds held by the Village acting as an agent for another government, organization, individual, or fund. The Village has the following significant agency fund:

*Mayor's Court Fund* – This agency fund is used to account for the activities of the Mayor's Court.

**C. Basis of Accounting**

The Village's financial statements follow the basis of accounting 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 basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The 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.

**D. Budgetary Process**

The Ohio Revised Code requires that each Village 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations may not exceed estimated resources. Unencumbered appropriations lapse at year end.

**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 certify estimated resources.

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

A summary of 2016 budgetary activity appears in Note 3.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**E. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**G. Fund Balances**

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.

**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*. 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.

**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.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 3 – Budgetary Basis of Accounting**

The Village’s budgetary activity for the year ending December 31, 2016 was as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$82,650	\$90,028	\$7,378
Special Revenue	192,630	247,808	55,178
Enterprise	199,600	212,428	12,828
<i>Total</i>	\$474,880	\$550,264	\$75,384

2016 Budgeted vs. Budgetary Disbursements			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Disbursements	
General	\$108,625	\$92,748	\$15,877
Special Revenue	333,500	219,194	114,306
Enterprise	732,850	182,709	550,141
<i>Total</i>	\$1,174,975	\$494,651	\$680,324

**Note 4 – Cash and Investments**

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2016
Demand Deposits	\$1,042,157
Total	\$1,042,157

Deposits are insured by the Federal Depository Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS).

**Note 5- 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 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. 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.



**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 6 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Then Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

**Financial Position**

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016 and 2015 (the latest information available):

Combined Coverage	2016	2015
Assets	\$42,182,281	\$38,307,677
Liabilities	(13,396,700)	(12,759,127)
Retained Earnings	\$28,785,581	\$25,548,550

The Casualty Coverage assets and retained earnings above include approximately \$11.5 million of unpaid claims to be billed to approximately 520 member governments in the future, as of December 31, 2016. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2016 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees of the Village 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.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 7 – Defined Benefit Pension Plans** (continued)

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

Retirement Rates	Year	Member Rate	Employer Rate
OPERS - Local	2012-2016	10%	14%

***Social Security***

Several elected Village officials contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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, 2016.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 of both the traditional pension and the combined plans. OPERS contributes 1 percent of the employer contribution to fund these benefits.

**Note 9 – Debt**

A schedule of changes in long-term obligations of the Village during 2016 follows:

	Interest Rate	Principal Balance 12-31-15	Issued in 2016	Retired in 2016	Principal Balance 12-31-16
Station #4 Construction	2.96%	\$24,026	\$0	\$24,026	\$0
2012 Fire Truck Loan (4 Door)	3.02%	136,635	0	32,650	103,985
2012 Fire Truck Loan (2 Door)	3.52%	105,601	0	33,983	71,618
Zenner Automated Metering Units	3.35%	53,112	0	7,000	46,112
		\$319,374	\$0	\$97,659	\$221,715

The loans are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Village entered into a Municipal Lease Purchase Agreement in 2015 through Government Capital Corporation for the purchase of 313 Zenner Automated Metering Units in the amount of \$53,112 for seven years. The Village will make monthly payments of \$8,611 over the life of the loan.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**Note 9 – Debt**(continued)

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

	Fire Truck Loan (4 Door)		Fire Truck Loan (2 Door)		Zenner Automated Metering Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$32,776	\$4,000	\$35,183	\$2,528	\$7,066	\$1,545
2018	35,511	1,265	36,435	1,275	7,303	1,308
2019	35,698	1,078	0	0	7,548	1,063
2020	0	0	0	0	7,801	810
2021	0	0	0	0	8,062	549
2022	0	0	0	0	8,332	279
Total	<u>\$103,985</u>	<u>\$6,343</u>	<u>\$71,618</u>	<u>\$3,803</u>	<u>\$46,112</u>	<u>\$5,554</u>

**Note 10 – Fund Cash Balances**

As of December 31, 2016, fund balances are composed of the following:

	General	Special Revenue	Capital Projects	Total
<i>Restricted:</i>				
Emergency Medical Services	\$0	\$311	\$0	\$311
Police	0	2,121	0	2,121
Fire	0	196,393	0	196,393
Economic Development	0	9	23	32
Road Maintenance & Improvement	0	25,090	0	25,090
<i>Unassigned</i>	25,522	0	0	25,522
Total	<u>\$25,522</u>	<u>\$223,924</u>	<u>\$23</u>	<u>\$249,469</u>

**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.

The Village is currently involved in a dispute with the United States Environmental Protection Agency (EPA) concerning a grant received by the Village. The EPA has disallowed several of the expenses made by the Village with the grant funds and therefore, the EPA is asking the Village to refund a portion of the grant. The Village disagrees with this assessment and is currently in negotiations with the EPA in attempt to resolve the issue.

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards***

Village Council  
Village of Laurelville  
18751 Main Street  
P.O. Box 393  
Laurelville, OH 43135-0393

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 by fund type of the Village of Laurelville, Hocking County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 11, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 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 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 identified certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

Village Council  
Village of Laurelville, Hocking County  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards*

### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2017-001.

### **Entity's Response to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

### **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.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 11, 2018

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2017 and 2016**

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**A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

***Finding Number 2017-001***

**Noncompliance/Material Weakness**

Ohio Rev. Code 733.28 requires village fiscal officers to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

Ohio Admin. Code 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Using these accounting records will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

The Village utilized the UAN accounting system which provided all of the required journals and ledgers. The UAN software also included a monthly reconciliation process to assist the Fiscal Officer in the monthly book to bank reconciliation. Although the monthly reconciliation were included in the accounting records, there were other adjusting factors noted during testing which indicated the underlying accounting records were inaccurate. These inaccuracies also resulted in significant adjustments to the financial statements as follows:

- In 2016, Mayor's Court activities from the bank statement were never recorded in the accounting system.

Due to the errors noted above, the financial statements provided to the Village Council did not represent a true picture of the financial position of the Village.

We recommend the Fiscal Officer prepare the monthly book-to-bank reconciliation in a timely manner. We also recommend the Fiscal Officer immediately follow-up on any discrepancies noted in the reconciliation process. This will allow the Village to maintain accurate records which the Village Council can rely on for budgeting and planning purposes.

**Officials' Response:** The current Fiscal Officer was not trained to record Mayor's Court activity from their respective statements in UAN, but will do so now that she has been made aware of the requirement.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2017 and 2016**

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**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

***Finding Number 2017-002***

**Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the financial statements had the following errors that required audit adjustments or reclassifications.

In 2016:

- Mayor's Court Fund other non-operating receipts of \$11,315 was unrecorded;
- Mayor's Court Fund other non-operating disbursements of \$10,569 was unrecorded.
- General Fund and Special Revenue Fund revenues were misclassified, so reclassification entries were made to the Property and Local Taxes and Intergovernmental Revenues.
- Some adjustments were made to the notes to the financial statements.

In 2017:

- Special Revenue Fund to report debt proceeds of \$8,250 that was unrecorded;
- Special Revenue Fund to report capital outlay expense of \$8,250 that was unrecorded;
- General Fund and Special Revenue Fund revenues were misclassified, so reclassification entries were made to the Property and Local Taxes and Intergovernmental Revenues.
- Some adjustments were made to the notes to the financial statements.

The Fiscal Officer made classification errors in posting of revenues and expenditures. This caused the mispostings and unrecorded revenues and expenditures as noted above.

The audited financial statements and the Village's UAN accounting system have been adjusted for the issues noted above.

We recommend the Fiscal Officer review the Village Officer's Handbook for guidance on the correct line items to post various receipts and disbursements of the Village to ensure the Village's financial statements are complete and accurate.

**Officials' Response:** The current Fiscal Officer will review the amounts provided and review current line items to ensure future postings are accurate.

**VILLAGE OF LAURELVILLE, HOCKING COUNTY**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2017 and 2016*

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<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
<i>Government Auditing Standards:</i>			
2015-001	Noncompliance/Material Weakness – recording Mayor’s Court activity in the accounting system.	Partially Corrected	Reissued as 2017-001
2015-002	Material Weakness – Classification errors in posting of revenues and expenditures.	Not Corrected	Reissued as 2017-002





# Dave Yost • Auditor of State

VILLAGE OF LAURELVILLE

HOCKING 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  
SEPTEMBER, 4 2018