



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF LAURELVILLE  
HOCKING COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Laurelville, Hocking County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Laurelville, Hocking County, as of December 31, 2001, and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

April 26, 2002

**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, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 32,471	\$ 3,204	\$ 59,828	\$ 35,675
Intergovernmental Receipts	42,589	22,586		125,003
Charges for Services	87,602			87,602
Fines, Licenses, and Permits	13,893			13,893
Earnings on Investments	3,541	55		3,596
Miscellaneous		791		791
<b>Total Cash Receipts</b>	<u>180,096</u>	<u>26,636</u>	<u>59,828</u>	<u>266,560</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	60,614	444		61,058
Basic Utility Services	6,864			6,864
Transportation		27,875	2,365	30,240
General Government	59,355			59,355
Debt Service:				
Principal Payments	32,966			32,966
Interest Payments	5,905			5,905
Capital Outlay			59,828	59,828
<b>Total Cash Disbursements</b>	<u>165,704</u>	<u>28,319</u>	<u>62,193</u>	<u>256,216</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>14,392</u>	<u>(1,683)</u>	<u>(2,365)</u>	<u>10,344</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		2,000		2,000
Transfers-Out		(2,000)		(2,000)
Advances-Out	(10,000)			(10,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>(10,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,392	(1,683)	(2,365)	344
Fund Cash Balances, January 1	<u>72,453</u>	<u>4,508</u>	<u>4,186</u>	<u>81,147</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 76,845</b></u>	<u><b>\$ 2,825</b></u>	<u><b>\$ 1,821</b></u>	<u><b>\$ 81,491</b></u>

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

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 163,864	\$	\$ 163,864
Miscellaneous	121		121
Total Operating Cash Receipts	<u>163,985</u>	<u>0</u>	<u>163,985</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	49,543		49,543
Fringe Benefits	13,179		13,179
Contractual Services	23,449		23,449
Supplies and Materials	87,927		87,927
Miscellaneous	6,796		6,796
Total Operating Cash Disbursements	<u>180,894</u>	<u>0</u>	<u>180,894</u>
Operating Income/(Loss)	<u>(16,909)</u>	<u>0</u>	<u>(16,909)</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		19,810	19,810
Total Non-Operating Cash Receipts	<u>0</u>	<u>19,810</u>	<u>19,810</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	33,956		33,956
Other Non-Operating Cash Disbursements		18,091	18,091
Total Non-Operating Cash Disbursements	<u>33,956</u>	<u>18,091</u>	<u>52,047</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	(50,865)	1,719	(49,146)
Advances-In	<u>10,000</u>		<u>10,000</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(40,865)	1,719	(39,146)
Fund Cash Balances, January 1	<u>55,098</u>	<u>213</u>	<u>55,311</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 14,233</u></b>	<b><u>\$ 1,932</u></b>	<b><u>\$ 16,165</u></b>

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

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, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 32,610	\$ 3,265	\$	\$ 35,875
Intergovernmental Receipts	28,313	22,278		50,591
Charges for Services	61,871			61,871
Fines, Licenses, and Permits	930			930
Earnings on Investments	7,223	66	544	7,833
	<u>130,947</u>	<u>25,609</u>	<u>544</u>	<u>157,100</u>
Total Cash Receipts				
	<u>130,947</u>	<u>25,609</u>	<u>544</u>	<u>157,100</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	81,475	252		81,727
Basic Utility Services	6,861			6,861
Transportation	18,767	26,559	11,881	57,207
General Government	17,035			17,035
Debt Service:				
Principal Payments	8,346			8,346
Interest Payments	4,286			4,286
Capital Outlay	24,000			24,000
	<u>160,770</u>	<u>26,811</u>	<u>11,881</u>	<u>199,462</u>
Total Cash Disbursements				
	<u>160,770</u>	<u>26,811</u>	<u>11,881</u>	<u>199,462</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(29,823)</u>	<u>(1,202)</u>	<u>(11,337)</u>	<u>(42,362)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Bonds or Notes	24,000			24,000
Other Financing Sources	2,400			2,400
Transfers-In	9,556	2,228	8,846	20,630
Transfers-Out	(9,556)	(2,228)	(8,846)	(20,630)
Advances-Out				0
	<u>26,400</u>	<u>0</u>	<u>0</u>	<u>26,400</u>
Total Other Financing Receipts/(Disbursements)				
	<u>26,400</u>	<u>0</u>	<u>0</u>	<u>26,400</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,423)	(1,202)	(11,337)	(15,962)
Fund Cash Balances, January 1	75,876	5,710	15,523	97,109
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 72,453</u></u>	<u><u>\$ 4,508</u></u>	<u><u>\$ 4,186</u></u>	<u><u>\$ 81,147</u></u>

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

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 182,215	\$	\$ 182,215
Total Operating Cash Receipts	<u>182,215</u>	<u>0</u>	<u>182,215</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	43,484		43,484
Fringe Benefits	14,887		14,887
Contractual Services	18,470		18,470
Supplies and Materials	218,049		218,049
Miscellaneous	5,338		5,338
Total Operating Cash Disbursements	<u>300,228</u>	<u>0</u>	<u>300,228</u>
Operating Income/(Loss)	<u>(118,013)</u>	<u>0</u>	<u>(118,013)</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	20,000		20,000
Proceeds from Notes and Bonds	100,000		100,000
Other Non-Operating Receipts	50,000	1,185	51,185
Total Non-Operating Cash Receipts	<u>170,000</u>	<u>1,185</u>	<u>171,185</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	40,413		40,413
Other Non-Operating Cash Disbursements		1,390	1,390
Total Non-Operating Cash Disbursements	<u>40,413</u>	<u>1,390</u>	<u>41,803</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	11,574	(205)	11,369
Transfers-In	528		528
Transfers-Out	(528)		(528)
Net Cash Receipts Over/(Under) Cash Disbursements	11,574	(205)	11,369
Fund Cash Balances, January 1	<u>43,524</u>	<u>418</u>	<u>43,942</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 55,098</u></u>	<u><u>\$ 213</u></u>	<u><u>\$ 55,311</u></u>

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

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Laurelville, Hocking County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council, Mayor and Clerk. The Village provides general governmental services, including maintenance of streets, water and sewer utility services, and police protection services. 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. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than 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 license tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had the following significant Capital Project Funds:

*Capital Improvement Fund* – This fund accumulates revenue for various general governmental projects in the Village.

*Ohio Public Works Grant Fund* – This fund received funds from the Ohio Public Works Commission for a slip project.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

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

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

**5. Fiduciary Fund (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Agency Fund:

*Mayor's Court Fund* - This fund accounts for the financial activity of the Mayor's Court.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level, and appropriations may not exceed estimated resources. The 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.

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$ 73,734	\$ 113,418
Certificates of deposit	23,922	23,040
Total deposits	<u>\$ 97,656</u>	<u>\$ 136,458</u>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 154,000	\$ 180,096	\$ 26,096
Special Revenue	27,900	28,636	736
Capital Projects	0	59,828	59,828
Enterprise	184,500	173,985	(10,515)
Total	\$ 366,400	\$ 442,545	\$ 76,145

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriations	Actual Expenditures	Variance
General	\$ 147,000	\$ 175,704	\$ (28,704)
Special Revenue	25,120	30,319	(5,199)
Capital Projects	3,600	62,193	(58,593)
Enterprise	187,200	214,850	(27,650)
Total	\$ 362,920	\$ 483,066	\$ (120,146)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 147,900	\$ 166,903	\$ 19,003
Special Revenue	34,000	27,837	(6,163)
Capital Projects	0	9,390	9,390
Enterprise	169,000	352,743	183,743
Total	\$ 350,900	\$ 556,873	\$ 205,973

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriations	Actual Expenditures	Variance
General	\$ 151,500	\$ 170,326	\$ (18,826)
Special Revenue	44,700	29,039	15,661
Capital Projects	20,000	20,727	(727)
Enterprise	175,300	341,169	(165,869)
Total	\$ 391,500	\$ 561,261	\$ (169,761)

Appropriations exceeded estimated resources in 2000 in the Permissive Sales Tax Fund and the Capital Improvement Fund. Several appropriation adjustments and actual expenditure adjustments were made to accurately reflect the proper budgeted and actual amounts. As a result of these adjustments, actual expenditures exceeded appropriations in all funds for 2001 and in the General, Capital Projects, and Enterprise fund types for 2000. Actual expenditures did not exceed appropriations in these fund types prior to the adjustments being made.

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

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, 2001, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$ 145,651	6-6.9%
Mortgage Revenue Bonds	113,000	7.50%
Total	\$ 258,651	

The general obligation notes relate to the purchase of a 1997 fire truck, a renovation of the wastewater treatment plant in 2000, and the purchase of a Bobcat loader in 1999. The full faith and credit of the Village are pledged to repay the debt.

The mortgage revenue bonds relate to the improvement of the sewer system. Revenues of the sewer are pledged to repay this debt.

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

	General Obligation Notes	Mortgage Revenue Bonds
Year ending December 31:		
2002	\$ 28,249	\$ 20,250
2003	28,249	19,350
2004	26,078	20,413
2005	26,078	19,362
2006	26,078	20,275
Subsequent	47,061	50,213
Total	\$ 181,793	\$ 149,863

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. OUTSTANDING CONTRACT**

The Village had the following outstanding contract at December 31, 2001:

<u>Vendor</u>	<u>Amount Outstanding</u>
Air Diffusion Systems	\$ 89,152

The Village is currently upgrading their Waste Water Treatment Plant and Air Diffusion Systems is the contractor. The Village entered into the contract with Air Diffusion Systems on June 12, 2000. The contract amount was \$206,367 and the project should be completed in 2002.

**7. RETIREMENT SYSTEMS**

All Village employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public official's liability;
- Vehicles



STATE OF OHIO  
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JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Laurelville, Hocking County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon April 26, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the Schedule of Findings as items 2001-30737-001 and 2001-30737-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 26, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition referred to above is described in the Schedule of Findings as item 2001-30737-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses.

Village of Laurelville  
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Required by *Government Auditing Standards*  
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However, the reportable condition referred to above is also considered to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 26, 2002.

This report is intended solely for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

April 26, 2002

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2001-30737-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 requires that the total appropriation from each fund not exceed the total estimated resources.

For the year ended December 31, 2000, appropriations exceeded estimated resources as follows:

<u>Estimated Resources vs. Appropriations</u>			
<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
Permissive Sales Tax	\$8,717	\$20,500	(\$11,783)
Capital Improvement	\$15,000	\$20,000	(\$5,000)

We recommend the Village Council and Village Clerk review estimated resources and appropriations on a regular basis to determine if modifications are required.

**FINDING NUMBER 2001-30737-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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 encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

The following exceptions to this basic requirement are provided by statute:

- ▶ "Then and Now Certificate": This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- ▶ Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority 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 the taxing authority.

During the audit period, 89% or more of the expenditures tested did not have the prior certification of the Village Clerk. This could result in the Village spending more money than what is available.

We recommend the Village obtain the prior certification of the Village Clerk before an obligation is incurred.

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2001-30737-003**

**Material Weakness**

**Supporting Documentation for Expenditures**

During the audit period documentation, was not attached to voucher packages regularly to show support for the expenditures. We were unable to determine if the expenditures were for a proper public purpose, if the expenditures were posted to the proper funds, if the proper amounts were paid to the vendor, and if the expenditures were properly encumbered.

Not attaching supporting documentation to voucher packages could result in errors and irregularities between the vendor and the Village. It could also result in misappropriation of Village funds if there is no documentation supporting the expenditures.

We recommend all invoices and supporting documentation be attached to all voucher packages to ensure the proper accounting of Village expenditures and the proper use of public funds.

**VILLAGE OF LARUELVILLE  
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

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>
1999-30737-001	Material noncompliance citation of Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated resources.	No	Not corrected:  This is repeated in the Schedule of Findings as item 2001-30737-001.
1999-30737-002	Material noncompliance citation of Ohio Rev. Code Section 5705.41 (D) for not certifying the availability of funds prior to incurring obligations.	No	Not corrected:  This is repeated in the Schedule of Findings as item 2001-30737-002.
1999-30737-003	Material noncompliance citation of Ohio Rev. Code Section 5705.41 (B) for expending money before it has been properly appropriated.	Yes	N/A





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**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  
JUNE 11, 2002**