



**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF LAURELVILLE
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REPORT OF INDEPENDENT ACCOUNTANTS

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

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, 1999 and 1998. 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 generally accepted auditing standards 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, Ohio, as of December 31, 1999 and 1998, 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 August 23, 2000, 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.

This report is intended solely for the information and use of the management, Village Council and other officials authorized to receive this report under § 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".

Jim Petro
Auditor of State

August 23, 2000

**VILLAGE OF LAURELVILLE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Property Tax and Other Local Taxes | \$ 37,255 | \$ 3,132 | \$ | \$ 40,387 |
| Intergovernmental Receipts | 16,307 | 27,364 | | 43,671 |
| Charges for Services | 63,782 | | | 63,782 |
| Fines, Licenses, and Permits | 13,666 | | | 13,666 |
| Earnings on Investments | 2,971 | 147 | 854 | 3,972 |
| Miscellaneous | 1,812 | | | 1,812 |
| | <u>135,793</u> | <u>30,643</u> | <u>854</u> | <u>167,290</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Security of Persons and Property | 31,255 | 3,982 | | 35,237 |
| Basic Utility Services | 6,340 | | | 6,340 |
| Transportation | 12,250 | 36,350 | | 48,600 |
| General Government | 11,226 | | | 11,226 |
| Debt Service: | | | | |
| Principal Payments | 50,337 | | | 50,337 |
| Interest Payments | 8,184 | | | 8,184 |
| Capital Outlay | | | 1,590 | 1,590 |
| | <u>119,592</u> | <u>40,332</u> | <u>1,590</u> | <u>161,514</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>16,201</u> | <u>(9,689)</u> | <u>(736)</u> | <u>5,776</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | | 468 | | 468 |
| Transfers-Out | (468) | | | (468) |
| | <u>(468)</u> | <u>468</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 15,733 | (9,221) | (736) | 5,776 |
| Fund Cash Balances January 1 | 58,761 | 15,440 | 18,625 | 92,826 |
| Fund Cash Balances, December 31 | <u>\$ 74,494</u> | <u>\$ 6,219</u> | <u>\$ 17,889</u> | <u>\$ 98,602</u> |

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

**VILLAGE OF LAURELVILLE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

| | Proprietary Fund Types | Fiduciary Fund Type | Totals (Memorandum Only) |
|--|---------------------------|------------------------|--------------------------------|
| | Enterprise | Agency | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 143,530 | \$ | \$ 143,530 |
| Miscellaneous | 1,264 | | 1,264 |
| Total Operating Cash Receipts | <u>144,794</u> | <u>0</u> | <u>144,794</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 41,377 | | 41,377 |
| Fringe Benefits | 16,609 | | 16,609 |
| Contractual Services | 18,230 | | 18,230 |
| Supplies and Materials | 55,287 | | 55,287 |
| Miscellaneous | 3,528 | | 3,528 |
| Total Operating Cash Disbursements | <u>135,031</u> | <u>0</u> | <u>135,031</u> |
| Operating Income/(Loss) | <u>9,763</u> | <u>0</u> | <u>9,763</u> |
| Non-Operating Cash Receipts: | | | |
| Other Non-Operating Receipts | | 11,171 | 11,171 |
| Total Non-Operating Cash Receipts | <u>0</u> | <u>11,171</u> | <u>11,171</u> |
| Non-Operating Cash Disbursements: | | | |
| Debt Service | 19,500 | | 19,500 |
| Other Non-Operating Cash Disbursements | 0 | 11,171 | 11,171 |
| Total Non-Operating Cash Disbursements | <u>19,500</u> | <u>11,171</u> | <u>30,671</u> |
| Net Receipts Over/(Under) Disbursements | (9,737) | 0 | (9,737) |
| Fund Cash Balances, January 1 | <u>53,489</u> | | <u>53,489</u> |
| Fund Cash Balances, December 31 | <u>\$ 43,752</u> | <u>\$ 0</u> | <u>\$ 43,752</u> |

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

**VILLAGE OF LAURELVILLE
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Property Tax and Other Local Taxes | \$ 38,521 | \$ 3,165 | \$ | \$ 41,686 |
| State Shared Taxes and Permits | | 22,980 | | 22,980 |
| Intergovernmental Receipts | 13,565 | | | 13,565 |
| Charges for Services | 97,474 | | | 97,474 |
| Fines, Licenses, and Permits | 4,545 | | | 4,545 |
| Earnings on Investments | 2,797 | 208 | 867 | 3,872 |
| Miscellaneous | 6,800 | | | 6,800 |
| Total Cash Receipts | <u>163,702</u> | <u>26,353</u> | <u>867</u> | <u>190,922</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Security of Persons and Property | 73,541 | | | 73,541 |
| Basic Utility Services | 7,065 | | | 7,065 |
| Transportation | 15,941 | 18,507 | | 34,448 |
| General Government | 12,002 | | 1,921 | 13,923 |
| Debt Service: | | | | |
| Principal Payments | 21,117 | | | 21,117 |
| Interest Payments | 7,080 | | | 7,080 |
| Capital Outlay | | | 4,500 | 4,500 |
| Total Cash Disbursements | <u>136,746</u> | <u>18,507</u> | <u>6,421</u> | <u>161,674</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>26,956</u> | <u>7,846</u> | <u>(5,554)</u> | <u>29,248</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | 0 | 1,613 | 1,308 | 2,921 |
| Transfers-Out | (1,308) | (1,613) | | (2,921) |
| Total Other Financing Receipts/(Disbursements) | <u>(1,308)</u> | <u>0</u> | <u>1,308</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>25,648</u> | <u>7,846</u> | <u>(4,246)</u> | <u>29,248</u> |
| Fund Cash Balances January 1 | <u>33,113</u> | <u>7,594</u> | <u>22,871</u> | <u>63,578</u> |
| Fund Cash Balances, December 31 | <u>\$ 58,761</u> | <u>\$ 15,440</u> | <u>\$ 18,625</u> | <u>\$ 92,826</u> |

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

**VILLAGE OF LAURELVILLE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

| | Proprietary Fund Types | Fiduciary Fund Type | Totals (Memorandum Only) |
|--|-------------------------------|--------------------------|--------------------------------|
| | Enterprise | Agency | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 139,089 | \$ | \$ 139,089 |
| Total Operating Cash Receipts | <u>139,089</u> | <u>0</u> | <u>139,089</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 38,047 | | 38,047 |
| Fringe Benefits | 12,140 | | 12,140 |
| Contractual Services | 20,866 | | 20,866 |
| Supplies and Materials | 34,404 | | 34,404 |
| Miscellaneous | 2,613 | | 2,613 |
| Total Operating Cash Disbursements | <u>108,070</u> | <u>0</u> | <u>108,070</u> |
| Operating Income/(Loss) | <u>31,019</u> | <u>0</u> | <u>31,019</u> |
| Non-Operating Cash Receipts: | | | |
| Property Tax and Other Local Taxes | 304 | | 304 |
| Proceeds from Notes and Bonds | 25,000 | | 25,000 |
| Other Non-Operating Receipts | | 4,748 | 4,748 |
| Total Non-Operating Cash Receipts | <u>25,304</u> | <u>4,748</u> | <u>30,052</u> |
| Non-Operating Cash Disbursements: | | | |
| Debt Service | 32,400 | | 32,400 |
| Other Non-Operating Cash Disbursements | | 4,748 | 4,748 |
| Total Non-Operating Cash Disbursements | <u>32,400</u> | <u>4,748</u> | <u>37,148</u> |
| Net Receipts Over/(Under) Disbursements | 23,923 | 0 | 23,923 |
| Fund Cash Balances, January 1 | <u>29,566</u> | | <u>29,566</u> |
| Fund Cash Balances, December 31 | <u><u>\$53,489</u></u> | <u><u>\$0</u></u> | <u><u>\$53,489</u></u> |

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

**VILLAGE OF LAURELVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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'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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

The General Fund 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 from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Permissive Tax Fund - This fund receives additional motor vehicle tax money for constructing, maintaining and repairing Village streets.

Community Oriented Policing Services (COPS) Grant Fund - This fund receives grant proceeds from the U.S. Department of Justice to provide police protection to the citizens of the Village.

VILLAGE OF LAURELVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 Fund:

Capital Improvement Fund - This fund accumulates revenue for various general government projects in the Village.

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)

Agency funds are used to account for funds for which the Village is acting in an agency capacity. The Village had the following Agency Fund:

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

D. 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 of control, 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.

2. Estimated Resources

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

**VILLAGE OF LAURELVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. 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>1999</u> | <u>1998</u> |
|-------------------------|-------------------|-------------------|
| Demand deposits | \$ 120,220 | \$ 125,035 |
| Certificates of Deposit | 22,134 | 21,280 |
| Total Deposits | <u>\$ 142,354</u> | <u>\$ 146,315</u> |

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998, follows:

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 153,484 | \$ 135,793 | \$ (17,691) |
| Special Revenue | 23,000 | 31,111 | 8,111 |
| Capital Projects | 35,000 | 854 | (34,146) |
| Enterprise | 102,323 | 144,794 | 42,471 |
| Total | <u>\$ 313,807</u> | <u>\$ 312,552</u> | <u>\$ (1,255)</u> |

VILLAGE OF LAURELVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 123,000 | \$ 120,060 | \$ 2,940 |
| Special Revenue | 23,000 | 40,332 | (17,332) |
| Capital Projects | 15,500 | 1,590 | 13,910 |
| Enterprise | 170,813 | 154,531 | 16,282 |
| Total | <u>\$ 332,313</u> | <u>\$ 316,513</u> | <u>\$ 15,800</u> |

| 1998 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 146,985 | \$ 163,702 | \$ 16,717 |
| Special Revenue | 24,000 | 27,966 | 3,966 |
| Capital Projects | 0 | 2,175 | 2,175 |
| Enterprise | 112,375 | 164,393 | 52,018 |
| Total | <u>\$ 283,360</u> | <u>\$ 358,236</u> | <u>\$ 74,876</u> |

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 112,800 | \$ 138,054 | \$ (25,254) |
| Special Revenue | 27,800 | 20,120 | 7,680 |
| Capital Projects | 20,000 | 6,421 | 13,579 |
| Enterprise | 126,412 | 140,470 | (14,058) |
| Total | <u>\$ 287,012</u> | <u>\$ 305,065</u> | <u>\$ (18,053)</u> |

Actual expenditures exceeded the legislatively adopted appropriation measures for the Street Construction, Maintenance and Repair, State Highway, Permissive Tax, COPS Fast, and Sewer Funds in 1999 and for the General, Water, and Sewer Funds in 1998, contrary to Ohio law. Appropriations exceeded estimated resources in the Water Fund in 1999, contrary to Ohio law.

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 payment, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF LAURELVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (Continued)

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, 1999, was as follows:

| | Principal | Interest Rate |
|--------------------------|------------|------------------|
| General Obligation Notes | \$ 90,266 | 5-6.9% |
| Mortgage Revenue Bonds | 133,000 | 7.50% |
| Total | \$ 223,266 | |

The general obligation notes relate to the purchase of a 1997 fire truck, a renovation of the wastewater treatment plant in 1998, and the purchase of a Bobcat loader in 1999. The notes are secured by the equipment purchased and are to be repaid from the general revenues of the Village. The mortgage revenue bonds relate to the improvement of the sewer system and are collateralized by revenue of the sewer system.

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

| Year ending December 31: | General Obligation Notes | Mortgage Revenue Bonds |
|-----------------------------|--------------------------------|------------------------------|
| 2000 | \$ 23,897 | \$ 19,788 |
| 2001 | 18,130 | 19,037 |
| 2002 | 14,804 | 20,250 |
| 2003 | 14,804 | 19,350 |
| 2004 | 12,632 | 20,413 |
| Subsequent | 24,909 | 89,850 |
| Total | \$ 109,176 | \$ 188,688 |

6. RETIREMENT SYSTEMS

With the exception of one elected official who belongs to Social Security, all of the Village's 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.

VILLAGE OF LAURELVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

For 1998 and 1999, the member of Social Security contributed 6.2% of his gross salary to Social Security and 1.45% to Medicare. The Village contributed an amount equal to the official's share.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public official's liability
- Vehicle
- Property



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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, Ohio 43135

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, 1999 and 1998, and have issued our report thereon dated August 23, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 accompanying Schedule of Findings as items 1999-30737-001 to 1999-30737-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 23, 2000.

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. 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 material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated August 23, 2000.

This report is intended for the information and use of management and the 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". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 23, 2000

**VILLAGE OF LAURELVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30737-001

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, 1999, appropriations exceeded estimated resources as follows:

| 1999 Estimated Resources vs. Appropriations | | | |
|---|---------------------|-------------------------|-------------|
| Fund | Estimated Resources | Appropriation Authority | Variance |
| Water | \$ 149,460 | \$ 170,313 | \$ (20,853) |

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

FINDING NUMBER 1999-30737-002

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 encumbrances. 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. This Section also provides two "exceptions" to the above requirements:

- A. "Then and Now" Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Council.

The Village was not making prior certification of the availability of funds for expenditures.

We recommend the Clerk certify and encumber all expenditures prior to incurring the obligation and, when needed, obtain the appropriate "then and now" certificate. Consideration should be given to using blanket purchase orders for recurring monthly expenses.

**VILLAGE OF LAURELVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

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

FINDING NUMBER 1999-30737-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Fund deficits can result when expenditures exceed the legislatively adopted appropriations.

For the year ended December 31, 1999, actual disbursements exceeded appropriations as follows:

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund | Appropriation Authority | Budgetary Expenditures | Variance |
| Street Construction, Maintenance, and Repair | \$ 17,000 | \$ 24,910 | \$ (7,910) |
| State Highway | 1,000 | 2,740 | (1,740) |
| Permissive Tax | 5,000 | 8,700 | (3,700) |
| COPS Fast | 0 | 3,982 | (3,982) |
| Sewer | 102,213 | 104,651 | (2,438) |

For the year ended December 31, 1998, actual disbursements exceeded appropriations as follows:

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 112,800 | \$ 138,054 | \$ (25,254) |
| Water | 28,000 | 43,341 | (15,341) |
| Sewer | 97,412 | 128,172 | (30,760) |

This was partially caused by the fact that appropriations posted to the UAN system did not agree to the legislatively authorized annual appropriation measure for both 1999 and 1998. The budgetary presentation in the accompanying financial statements reflects only appropriations authorized by Council.

We recommend that the Village review budgetary information on regular basis to ensure disbursements do not exceed appropriations. We also recommend the Village compare appropriations posted to the UAN system to the legislatively authorized appropriations.

**VILLAGE OF LAURELVILLE
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid |
|----------------|---|------------------|---|
| 1997-30737-001 | 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 1999-30737-002. |
| 1997-30737-002 | Material noncompliance citation of Ohio Rev. Code Section 5705.41(B) for expending money before it has been properly appropriated. | No | Not Corrected: This is repeated in the Schedule of Findings as item 1999-30737-003. |
| 1997-37037-003 | Reportable condition for computer system for water and sewer billing not Year 2000 ready. | No | Finding No Longer Valid: No problems were encountered with this computer system in Year 2000. |



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 19, 2000**