

VILLAGE OF LAURELVILLE  
HOCKING COUNTY  
REGULAR AUDIT  
FOR YEARS ENDED DECEMBER 31, 2003 AND 2002

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687  
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**Auditor of State  
Betty Montgomery**

Village Council  
Village of Laurelville  
P.O. Box 393  
Laurelville, OH 43135

We have reviewed the Independent Auditor's Report of the Village of Laurelville, Hocking County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2002 through December 31, 2003. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

December 9, 2004

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HOCKING COUNTY  
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## **Independent Auditors' Report**

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 Village of Laurelville, Hocking County, Ohio, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 accounting principals generally accepted in the United States of America.

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, 2003 and December 31, 2002, 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 October 25, 2004, 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 the audits.

Independent Auditors' Report  
Page 2

This report is intended solely for the information and use of management and Board 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.

*Balestra, Harr & Scherer, CPAs, Inc.*

Balestra, Harr & Scherer, CPAs, Inc.

October 25, 2004

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, 2003

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$42,912	\$3,213	\$0	\$46,125
Intergovernmental	12,616	24,707	0	37,323
Charges for Services	103,582	0	0	103,582
Fines, Licenses, and Permits	15,051	0	0	15,051
Interest	2,077	25	0	2,102
Miscellaneous	2,266	0	0	2,266
<b>Total Cash Receipts:</b>	<b>178,504</b>	<b>27,945</b>	<b>0</b>	<b>206,449</b>
<b>Cash Disbursements:</b>				
Security of Persons and Property	97,312	0	0	97,312
Leisure Time Activities	0	417	0	417
Basic Utility Services	6,905	0	0	6,905
Transportation	0	31,434	1,268	32,702
General Government	81,981	0	0	81,981
Capital Outlay	20,000	117,315	0	137,315
<b>Debt Service:</b>				
Principal	1,048	0	0	1,048
Interest	37	0	0	37
<b>Total Cash Disbursements</b>	<b>207,283</b>	<b>149,166</b>	<b>1,268</b>	<b>357,717</b>
<b>Total Cash Receipts Over/ (Under) Cash Disbursements</b>	<b>(28,779)</b>	<b>(121,221)</b>	<b>(1,268)</b>	<b>(151,268)</b>
<b>Other Financing Receipts and/or (Disbursements):</b>				
Other Debt Proceeds	19,814	117,315	0	137,129
Transfers-In	750	2,201	0	2,951
Advances-In	64,000	0	0	64,000
Transfers-Out	(1,266)	(1,626)	0	(2,892)
Advances-Out	(32,000)	0	0	(32,000)
<b>Total Other Financing Receipts/(Disbursements):</b>	<b>51,298</b>	<b>117,890</b>	<b>0</b>	<b>169,188</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>22,519</b>	<b>(3,331)</b>	<b>(1,268)</b>	<b>17,920</b>
<b>Fund Cash Balances, January 1, 2003</b>	<b>59,606</b>	<b>11,159</b>	<b>1,821</b>	<b>72,586</b>
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$82,125</b>	<b>\$7,828</b>	<b>\$553</b>	<b>\$90,506</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 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$179,786	\$0	\$179,786
Total Operating Cash Receipts	179,786	0	179,786
Operating Cash Disbursements:			
Personal Service	71,551	0	71,551
Employee Fringe Benefits	12,053	0	12,053
Contractual Services	21,880	0	21,880
Supplies and Materials	59,138	0	59,138
Capital Outlay	88,884	0	88,884
Other	1,485	0	1,485
Total Operating Cash Disbursements	254,991	0	254,991
Operating Income/(Loss)	(75,205)	0	(75,205)
Non-Operating Cash Receipts (Disbursements):			
Intergovernmental	109,955	0	109,955
Sale of Notes	20,000	0	20,000
Other Non-Operating Cash Receipts	0	20,318	20,318
Transfers-In	32,891	0	32,891
Advances-In	32,000	0	32,000
Debt Service	(121,509)	0	(121,509)
Other Non-Operating Cash Disbursements	0	(21,341)	(21,341)
Transfers-Out	(32,950)	0	(32,950)
Advances-Out	(64,000)	0	(64,000)
Total Non-Operating Cash Receipts (Disbursements):	(23,613)	(1,023)	(24,636)
Net Receipts Over/(Under) Disbursements	(98,818)	(1,023)	(99,841)
Fund Cash Balances, January 1, 2003	162,430	1,023	163,453
Fund Cash Balances, December 31, 2003	\$63,612	\$0	\$63,612

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, 2002

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$38,382	\$3,261	\$0	\$41,643
Intergovernmental	27,049	24,037	0	51,086
Charges for Services	90,999	0	0	90,999
Fines, Licenses, and Permits	16,182	0	0	16,182
Interest	1,798	28	0	1,826
Miscellaneous	29	0	0	29
<b>Total Cash Receipts:</b>	<b>174,439</b>	<b>27,326</b>	<b>0</b>	<b>201,765</b>
<b>Cash Disbursements:</b>				
Security of Persons and Property	68,906	0	0	68,906
Basic Utility Services	6,885	0	0	6,885
Transportation	0	18,992	0	18,992
General Government	37,208	0	0	37,208
Debt Service:				
Principal	53,917	0	0	53,917
Interest	2,762	0	0	2,762
<b>Total Cash Disbursements</b>	<b>169,678</b>	<b>18,992</b>	<b>0</b>	<b>188,670</b>
<b>Total Cash Receipts Over/ (Under) Cash Disbursements</b>	<b>4,761</b>	<b>8,334</b>	<b>0</b>	<b>13,095</b>
<b>Other Financing Receipts and/or (Disbursements):</b>				
Advances-Out	(22,000)	0	0	(22,000)
<b>Total Other Financing Receipts/(Disbursements):</b>	<b>(22,000)</b>	<b>0</b>	<b>0</b>	<b>(22,000)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(17,239)</b>	<b>8,334</b>	<b>0</b>	<b>(8,905)</b>
<b>Fund Cash Balances, January 1, 2002</b>	<b>76,845</b>	<b>2,825</b>	<b>1,821</b>	<b>81,491</b>
<b>Fund Cash Balances, December 31, 2002</b>	<b>\$59,606</b>	<b>\$11,159</b>	<b>\$1,821</b>	<b>\$72,586</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 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$201,602	\$0	\$201,602
Total Operating Cash Receipts	201,602	0	201,602
Operating Cash Disbursements:			
Personal Service	48,440	0	48,440
Employee Fringe Benefits	12,151	0	12,151
Contractual Services	26,193	0	26,193
Supplies and Materials	64,936	0	64,936
Other	4,211	0	4,211
Total Operating Cash Disbursements	155,931	0	155,931
Operating Income/(Loss)	45,671	0	45,671
Non-Operating Cash Receipts (Disbursements):			
Intergovernmental	141,058	0	141,058
Other Non-Operating Cash Receipts	0	19,603	19,603
Advance-In	22,000	0	22,000
Debt Service	(60,532)	0	(60,532)
Other Non-Operating Cash Disbursements	0	(20,512)	(20,512)
Total Non-Operating Cash Receipts (Disbursements):	102,526	(909)	101,617
Net Receipts Over/(Under) Disbursements	148,197	(909)	147,288
Fund Cash Balances, January 1, 2002	14,233	1,932	16,165
Fund Cash Balances, December 31, 2002	\$162,430	\$1,023	\$163,453

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, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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 Fund**

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:

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

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

**D. Fund Accounting (Continued)**

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

**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 governmental projects in the Village.

**4. Enterprise Funds**

These funds accounted 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.

*Sewage Repair Fund*- This fund receives intergovernmental funding to repair the sewage lines.

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

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village has 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 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. Unencumbered appropriations lapse at year end.

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**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) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

A summary of 2003 and 2002 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>2003</u>	<u>2002</u>
Demand Deposits	\$154,118	\$211,489
Certificates of Deposit	<u>0</u>	<u>24,550</u>
Total Deposits	<u><u>\$154,118</u></u>	<u><u>\$236,039</u></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, 2003 AND 2002**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$157,000	\$199,068	\$42,068
Special Revenue	30,500	30,146	(354)
Capital Projects	500	0	(500)
Enterprise	417,000	342,632	(74,368)
Total	\$605,000	\$571,846	\$(33,154)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$157,000	\$208,549	\$(51,549)
Special Revenue	30,500	33,477	(2,977)
Capital Projects	500	1,268	(768)
Enterprise	417,000	409,450	7550
Total	\$605,000	\$652,744	\$(47,744)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$150,000	\$174,439	\$24,439
Special Revenue	29,800	27,326	(2,474)
Capital Projects	0	0	0
Enterprise	587,500	342,660	(244,840)
Total	\$767,300	\$544,425	\$(222,875)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,600	\$169,678	\$(2,078)
Special Revenue	26,600	18,992	7,608
Capital Improvement	1,200	0	1,200
Enterprise	588,000	216,463	371,537
Total	\$783,400	\$405,133	\$378,267

Actual revenues exceeded estimated resources in the following funds in 2003: General Fund, \$42,068; Special Revenue State Grant Fund, \$1,626; Special Revenue Permissive Tax Fund, \$3,213 and Enterprise Water Fund, \$13,477. Actual revenues exceeded estimated resources in the following funds in 2002: General Fund, \$24,439 and the Enterprise Sewer Fund, \$30,099. The Ohio Revised Code requires an increased amended certificate of estimated resources to be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

Actual budgetary expenditures exceeded appropriations in the following funds during 2003: General Fund, \$51,549; Special Revenue State Highway Fund, \$2,380; Special Revenue State Grants Fund, \$1,626; Special Revenue Permissive Tax Fund, \$2,893; Special Revenue Recreation Fund, \$417, Capital Projects Capital Improvement Fund, \$745 and the Enterprise Sewage Repair Fund, \$22,770. Actual budgetary expenditures exceeded appropriations in the following funds during 2002: General Fund, \$2,078 and the Enterprise Sewer Fund, \$41,841.

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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, 2003, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$158,061	2.85-6.9%
Mortgage Revenue Bonds	<u>89,000</u>	7.50%
Total	\$247,061	

The general obligation notes relate to the purchase of a 2003 fire truck, a renovation of the wastewater treatment plant in 2002 and 2003, the purchase of a Bobcat loader in 1999, and the purchase of a police cruiser in 2003. 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, includes interest, is scheduled as follows:

	<u>General Obligation Notes</u>	<u>Mortgage Revenue Bonds</u>
Year Ending December 31:		
2004	\$ 70,281	\$ 20,413
2005	48,777	19,363
2006	48,777	20,275
2007	0	20,075
2008	0	19,763
Subsequent	<u>0</u>	<u>10,375</u>
Total	<u>\$ 167,835</u>	<u>\$ 110,264</u>

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**6. 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 2003 and 2002, 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, 2003.

**7. RISK MANAGEMENT**

Commercial Insurance

The village has obtained commercial insurance for the following risks:

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

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The Village has not incurred significant reductions in insurance coverage from coverage in the prior year by major category or risk.

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit Performed in Accordance with *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 Village of Laurelville, Hocking County, Ohio (the Village), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated October 25, 2004. 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 2003-01 and 2003-02. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated October 25, 2004.

### **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 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, which we have reported to management of the Village in a separate letter dated October 25, 2004.

This report is intended solely 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.

*Balestra, Harr & Scherer, CPAs, Inc.*

Balestra, Harr & Scherer, CPAs, Inc.  
October 25, 2004

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<p><b>FINDINGS RELATEED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**Finding Number 2003-01**

**Noncompliance Citation**

Ohio Revised Code Section 5705.36 states that an increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend excess revenue. The Village expended additional revenue without obtaining an increased amended certificate in the following funds during 2003: General Fund, \$42,068; Special Revenue State Grants, \$1,626; Special Revenue Permissive Tax Fund, \$3,213 and Enterprise Water Fund, \$13,477. The Village expended additional revenue without obtaining an increased amended certificate in the following funds during 2002: General, \$24,439 and Enterprise Sewer Fund, \$30,099.

**Finding Number 2003-02**

**Noncompliance Citation**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2003, budgetary expenditures exceeded appropriations in the following funds: General Fund, \$51,549; Special Revenue State Highway Fund, \$2,380; Special Revenue State Grants Fund, \$1,626; Special Revenue Permissive Tax Fund, \$2,893 and the Special Revenue Recreation Fund, \$417; Capital Projects Capital Improvement Fund, \$745 and Enterprise Sewage Repair Fund, \$22,700. During 2002, budgetary expenditures exceeded appropriations in the following funds: Enterprise Sewer Fund, \$41,841.

**VILLAGE OF LAURELVILLE  
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-30737-001	Ohio Revised Code 5705.39 Appropriations exceeded estimated resources.	No	Appropriations still made over total estimated resources. See current year management comment.
2001-30737-002	Ohio Revised Code 5705.41 (D) requires use of certificates of fiscal officer.	Yes	Blanket purchase orders were utilized.
2001-30737-003	Material weakness due to a lack of supporting documentation.	Yes	Supporting documentation maintained.



**Auditor of State  
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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  
DECEMBER 21, 2004**