



VILLAGE OF LAURELVILLE, HOCKING COUNTY

Regular Audit

**For the Years Ended
December 31, 2011 and 2010**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Village Council
Village of Laurelville
18751 Main Street
Laurelville, Ohio 43135

We have reviewed the Independent Accountant's Report of the Village of Laurelville, Hocking County, prepared by J. L. Uhrig and Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

December 4, 2012

This Page Left Intentionally Blank

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Table of Contents
For the Years Ended December 31, 2011 and 2010

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
BASIC FINANCIAL STATEMENTS:	
<u>Government-Wide Financial Statements - 2011:</u>	
Statement of Net Assets - Cash Basis.....	11
Statement of Activities - Cash Basis	12
<u>Fund Financial Statements - 2011:</u>	
Statement of Cash Basis Assets and Fund Balances- Governmental Funds.....	14
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	15
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual (Budget Basis) General Fund.....	16
Fire Department Fund	17
Statement of Fund Net Assets - Cash Basis - Proprietary Funds	18
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances - Proprietary Funds	19
Statement of Fund Net Assets - Cash Basis - Agency Fund	20
<u>Government-Wide Financial Statements - 2010:</u>	
Statement of Net Assets - Cash Basis.....	21
Statement of Activities - Cash Basis	22
<u>Fund Financial Statements - 2010:</u>	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	24

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Table of Contents
For the Years Ended December 31, 2011 and 2010

Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	25
Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual (Budget Basis)	
General Fund.....	26
Fire Department Fund	27
Statement of Fund Net Assets - Cash Basis - Proprietary Funds	28
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances - Proprietary Funds	29
Statement of Fund Net Assets - Cash Basis - Agency Fund	30
Notes to the Basic Financial Statements.....	31
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards.....	42
Schedule of Prior Audit Findings	44

Independent Auditor's Report

Village Council
Village of Laurelville, Hocking County
18751 Main Street
Laurelville, Ohio 43135

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Village of Laurelville (the Village), Hocking County as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 of America. 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2011 and 2010, and the respective changes in respective cash financial position and the respective budgetary comparisons for the General Fund and Fire Department Fund for the years then ended in conformity with the cash basis of accounting presented in Note 2.

As discussed in Note 10, for the year ended December 31, 2011, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 24, 2012 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. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Village Council

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

We conducted our audit to opine on the Village's financial statements taken a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

J. L. Uhrig and Associates, Inc.
J. L. UHRIG AND ASSOCIATES, INC.

July 24, 2012

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

This discussion and analysis of the Village of Laurelville's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2011 and 2010, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2011 are as follows:

Net assets of governmental activities increased \$38,089, or 28 percent. The fund most affected by the increase in cash and cash equivalents was the Fire Department Fund, which increased by the amount of \$38,299.

Program receipts accounted for \$418,576 or 83 percent of total receipts. General receipts accounted for \$84,915 or 17 percent of total receipts. The Village's general receipts are primarily property taxes, and grants and entitlements not restricted to specific programs.

The Village had \$433,546 in disbursements; \$418,576 of these disbursements was offset by programs specific charges for services, operating grants and contributions. General receipts of \$84,915 were utilized to provide for the remainder of these programs.

Among the major funds, the General Fund is the most significant with \$104,807 in receipts and \$109,013 in disbursements.

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$21,295 or 19 percent. Among the major funds, the General Fund had the most significant increase in net assets which was \$53,428.

Program receipts accounted for \$351,441 or 70 percent of total receipts. General receipts accounted for \$148,019 or 30 percent of total receipts. The Village's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs.

The Village had \$450,793 in disbursements; \$351,441 of these disbursements was offset by programs specific charges for services, operating grants and contributions. General receipts of \$148,019 were utilized to provide for the remainder of these programs.

Among the major funds, the General Fund is the most significant with \$167,641 in receipts and \$114,213 in disbursements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2011 and 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

In the statement of net assets and the statement of activities, the Village consists of two types of activities:

Governmental Activities - All of the Village's basic services are reported here, including police, fire, streets and general government services. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services include water and sewer operations. Service fees for these operations are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village consist of three categories: governmental, proprietary and fiduciary.

Governmental Funds - All of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General and Fire Department. The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds - When the Village charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Proprietary funds are the same services as those in the business-type activities. The Village's major proprietary funds are the Water Operating, Sewer Operating and Waste Water Treatment Funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources from those funds are not available to support the Village's programs. The accounting used for fiduciary funds is much like that used for the proprietary funds.

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 and 2009 on a cash basis:

	Net Assets					
	Governmental Activities			Business-Type Activities		
	2011	2010	2009	2011	2010	2009
Assets						
Cash and Cash Equivalents	\$173,069	\$134,980	\$113,685	\$535,848	\$503,992	\$476,620
Total Assets	<u>173,069</u>	<u>134,980</u>	<u>113,685</u>	<u>535,848</u>	<u>503,992</u>	<u>476,620</u>
Net Assets						
<i>Restricted for:</i>						
Capital Projects	23	23	23	0	0	0
Other Purposes	99,277	56,982	89,115	0	0	0
Unrestricted	<u>73,769</u>	<u>77,975</u>	<u>24,547</u>	<u>535,848</u>	<u>503,992</u>	<u>476,620</u>
Total Net Assets	<u><u>\$173,069</u></u>	<u><u>\$134,980</u></u>	<u><u>\$113,685</u></u>	<u><u>\$535,848</u></u>	<u><u>\$503,992</u></u>	<u><u>\$476,620</u></u>

As mentioned previously, governmental activities net assets increased \$38,089 or 28 percent during 2011. The primary reasons contributing to the increase in cash balances were because the Village was able to keep disbursements below the receipts during 2011, as they try to control spending.

Business-type activities net assets increased \$31,856 during 2011. The primary reason contributing to the increase in cash balances is the receipts increasing slightly more than the expenses increased during 2011.

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Table 2 reflects the changes in net assets in 2011, 2010 and 2009.

	2011	2010	2009	2011	2010	2009
<u>Receipts:</u>						
<i>Program Receipts:</i>						
Charges for Sales and Services	\$164,613	\$95,374	\$109,740	\$213,055	\$204,817	\$190,406
Operating Grants and Contributions	40,908	51,250	31,903	0	0	0
Total Program Receipts	205,521	146,624	141,643	213,055	204,817	190,406
<i>General Receipts:</i>						
Property Taxes	52,251	72,593	55,357	0	0	0
Payments in Lieu of Taxes	1,057	0	0	0	0	0
Grants and Entitlements Not Restricted to Specific Programs	24,482	72,845	10,418	0	0	0
Interest	1,293	1,304	821	0	0	0
Miscellaneous	4,332	1,277	18,692	1,500	0	51
Total General Receipts	83,415	148,019	85,288	1,500	0	51
Total Receipts	288,936	294,643	226,931	214,555	204,817	190,457
<u>Disbursements:</u>						
General Government	38,531	31,363	47,344	0	0	0
Security of Persons and Property	145,047	102,630	85,481	0	0	0
Community Environment	1,663	443	0	0	0	0
Leisure Time Activities	1,107	1,242	0	0	0	0
Transportation	19,776	18,393	24,314	0	0	0
Basic Utility Services	12,785	12,665	12,166	0	0	0
Capital Outlay	0	60,000	0	0	0	0
Principal Retirement	29,035	41,999	29,950	0	0	0
Interest and Fiscal Charges	2,902	4,613	6,263	0	0	0
Water Operating	0	0	0	44,292	60,580	32,239
Sewer Operating	0	0	0	40,273	15,270	90,960
Waste Water Treatment	0	0	0	97,863	101,427	28,620
Guaranteed Deposits for Sewer and Water	0	0	0	271	168	134
Total Disbursements	250,846	273,348	205,518	182,699	177,445	151,953
Special Item	0	0	0	0	0	348,346
Increase (Decrease) in Net Assets	38,089	21,295	21,413	31,856	27,372	386,850
Net Assets, January 1	134,980	113,685	92,272	503,992	476,620	89,770
Net Assets, December 31	\$173,069	\$134,980	\$113,685	\$535,848	\$503,992	\$476,620

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Governmental Activities

Program receipts represent 71 percent of total receipts for 2011, 50 percent of total receipts for 2010 and 62 percent of total receipts for 2009. Program receipts are primarily comprised of charges for services.

General receipts represent 29 percent of total receipts for 2011, 50 percent of total receipts for 2010, and 38 percent of total receipts for 2009. General receipts are comprised of property taxes, grants and entitlements not restricted to specific programs, interest, payment in lieu of taxes, and miscellaneous receipts. Property taxes represent 18 percent of total receipts in 2011, 25 percent in 2010 and 24 percent in 2009.

The most significant program disbursements for the Village are Security of Persons and Property and General Government. These programs account for 73 percent of total disbursements in 2011, 49 percent in 2010 and 65 in 2009. Security of Persons and Property, which accounts for 58 percent of the total in 2011, 38 percent in 2010, and 42 percent in 2009, represents the costs of providing Police and Fire Protection services to the residents of the Village. General Government, which accounts for 15 percent of the total in 2011, 11 percent in 2010, and 23 percent in 2009, represents the general operating costs of the Village.

If you look at the 2011 Statement of Activities on page 11 and the 2010 Statement of Activities on page 21 you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The next column of the Statement entitled Program Receipts identify grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services	Total Cost of Services	Net Cost Of Services
	2011	2011	2010	2010	2009	2009
General Government	\$38,531	\$37,154	\$31,363	\$29,678	\$47,344	\$38,259
Security of Persons & Property	145,047	(11,307)	102,630	(201)	85,481	(4,564)
Community Environment	1,663	1,663	443	443	0	0
Leisure Time Activities	1,107	1,107	1,242	1,242	0	0
Transportation	19,776	(3,932)	18,393	(4,622)	24,314	911
Basic Utility Services	12,785	(11,296)	12,665	(6,428)	12,166	(6,944)
Capital Outlay	0	0	60,000	60,000	0	0
Principal Retirement	29,035	29,035	41,999	41,999	29,950	29,950
Interest and Fiscal Charges	2,902	2,902	4,613	4,613	6,263	6,263
Total Expenses	\$250,846	\$45,326	\$273,348	\$126,724	\$205,518	\$63,875

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Business-Type Activities

The business-type activities of the Village, which include its water and sewer operations, increased in net assets by \$31,856 in 2011, \$27,372 in 2010 and \$386,850 in 2009.

Governmental Funds

Total governmental funds had receipts of \$288,936 and disbursements of \$250,847 in 2011. There was a \$38,089 margin of difference between the receipts and disbursements for 2011.

Total governmental funds had receipts of \$294,643 and disbursements of \$273,348 in 2010. There was a \$21,295 margin of difference between the receipts and disbursements for 2010.

Proprietary Funds

The Village's three major enterprise funds are the Water Operating, Sewer Operating and Waste Water Treatment Funds which, at year end, had net assets of \$54,857 for 2011 and \$39,223 for 2010, \$104,596 for 2011 and \$90,082 for 2010, and \$362,869 for 2011 and \$361,940 for 2010, respectively. During 2011, the Water Operating Fund net assets increased by \$15,634, the Sewer Operating Fund net assets increased by \$14,514 and the Waste Water Treatment Fund net assets increased by \$929.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

For the General Fund, final budgeted receipts for 2011 were \$71,918 representing a \$2,550 change from the original budgeted receipts, while actual receipts were \$104,807. The difference between final budgeted receipts and actual receipts was \$32,889.

General Fund final disbursements were budgeted at \$132,028 for 2011 representing a \$15,808 change from the original budgeted disbursements, while actual disbursements were \$109,013. The difference between final budgeted disbursements and actual disbursements was \$23,015.

For the General Fund, final budgeted receipts for 2010 were \$108,605 representing a \$10,437 change from the original budgeted receipts, while actual receipts were \$167,641. The difference between final budgeted receipts and actual receipts was \$59,036.

General Fund final disbursements were budgeted at \$130,300 for 2010 representing a \$18,680 change from the original budgeted disbursements, while actual disbursements were \$114,213. The difference between final budgeted disbursements and actual disbursements was \$16,087.

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Debt Administration

At December 31, 2011, the Village has a total of \$30,535 in outstanding debt.

At December 31, 2010, the Village had a total of \$59,570 in outstanding debt.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. As indicated in the preceding financial information, the Village relies heavily on local taxes and business type receipts to operate at the current level of services.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Darcy Tisdale, Fiscal Officer for Village of Laurelville, Hocking County, Ohio at 18751 Main Street, Laurelville, OH 43135.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

Statement of Net Assets - Cash Basis

December 31, 2011

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$173,069	\$535,848	\$708,917
<i>Total Assets</i>	<u>173,069</u>	<u>535,848</u>	<u>708,917</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	23	0	23
Other Purposes	99,277	0	99,277
Unrestricted	<u>73,769</u>	<u>535,848</u>	<u>609,617</u>
<i>Total Net Assets</i>	<u><u>\$173,069</u></u>	<u><u>\$535,848</u></u>	<u><u>\$708,917</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2011*

	Program Receipts		
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions
<u>Governmental Activities:</u>			
General Government	\$38,531	\$1,377	\$0
Security of Persons and Property	145,047	139,154	17,200
Community Environment	1,663	0	0
Leisure Time Activities	1,107	0	0
Transportation	19,777	0	23,708
Basic Utility Services	12,785	24,082	0
<i>Debt Service:</i>			
Principal Retirement	29,035	0	0
Interest and Fiscal Charges	2,902	0	0
<i>Total Governmental Activities</i>	<u>250,847</u>	<u>164,613</u>	<u>40,908</u>
<u>Business-Type Activities:</u>			
Water Operating	44,292	58,426	0
Sewer Operating	40,273	54,787	0
Waste Water Treatment	97,863	98,792	0
Guaranteed Deposits for Sewer and Water	271	1,050	0
<i>Total Business-Type Activities</i>	<u>182,699</u>	<u>213,055</u>	<u>0</u>
<i>Totals Primary Government</i>	<u><u>\$433,546</u></u>	<u><u>\$377,668</u></u>	<u><u>\$40,908</u></u>

General Receipts:

Property Taxes
 Payments in Lieu of Taxes
 Grants and Entitlements not Restricted to Specific Programs
 Earnings on Investment
 Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$37,154)	\$0	(\$37,154)
11,307	0	11,307
(1,663)	0	(1,663)
(1,107)	0	(1,107)
3,932	0	3,932
11,296	0	11,296
(29,035)	0	(29,035)
(2,902)	0	(2,902)
(45,326)	0	(45,326)
0	14,134	14,134
0	14,514	14,514
0	929	929
0	779	779
0	30,356	30,356
(45,326)	30,356	(14,970)
52,251	0	52,251
1,057	0	1,057
24,482	0	24,482
1,293	0	1,293
4,332	1,500	5,832
83,415	1,500	84,915
38,089	31,856	69,945
134,980	503,992	638,972
\$173,069	\$535,848	\$708,917

VILLAGE OF LAURELVILLE, HOCKING COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2011

	<u>General</u>	<u>Fire Department</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$73,769	\$56,811	\$42,489	\$173,069
<i>Total Assets</i>	<u>73,769</u>	<u>56,811</u>	<u>42,489</u>	<u>173,069</u>
<u>Fund Balances:</u>				
Restricted	0	56,811	42,489	99,300
Unassigned	<u>73,769</u>	<u>0</u>	<u>0</u>	<u>73,769</u>
<i>Total Fund Balances</i>	<u><u>\$73,769</u></u>	<u><u>\$56,811</u></u>	<u><u>\$42,489</u></u>	<u><u>\$173,069</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Fire Department	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>				
Property Taxes	\$52,251	\$0	\$0	\$52,251
Charges for Services	24,082	139,154	0	163,236
Licenses, Permits and Fees	1,377	0	0	1,377
Payments in Lieu of Taxes	1,057	0	0	1,057
Intergovernmental	24,482	17,200	23,708	65,390
Earnings on Investments	1,228	0	65	1,293
Miscellaneous	330	4,002	0	4,332
<i>Total Receipts</i>	<u>104,807</u>	<u>160,356</u>	<u>23,773</u>	<u>288,936</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	38,531	0	0	38,531
Security of Persons and Property	54,927	90,120	0	145,047
Community Environment	1,663	0	0	1,663
Leisure Time Activities	1,107	0	0	1,107
Transportation	0	0	19,777	19,777
Basic Utility Services	12,785	0	0	12,785
<i>Debt Service:</i>				
Principal Retirement	0	29,035	0	29,035
Interest and Fiscal Charges	0	2,902	0	2,902
<i>Total Disbursements</i>	<u>109,013</u>	<u>122,057</u>	<u>19,777</u>	<u>250,847</u>
<i>Net Change in Fund Balances</i>	(4,206)	38,299	3,996	38,089
<i>Fund Balances at Beginning of Year</i>	<u>77,975</u>	<u>18,512</u>	<u>38,493</u>	<u>134,980</u>
<i>Fund Balances at End of Year</i>	<u>\$73,769</u>	<u>\$56,811</u>	<u>\$42,489</u>	<u>\$173,069</u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*

General Fund

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<u>Receipts:</u>				
Property Taxes	\$47,500	\$45,100	\$52,251	\$7,151
Intergovernmental	9,418	9,418	24,482	15,064
Licenses, Permits and Fees	1,500	1,350	1,377	27
Payments in Lieu of Taxes	0	0	1,057	1,057
Earnings on Investments	650	650	1,228	578
Charges for Services	15,400	15,400	24,082	8,682
Miscellaneous	0	0	330	330
<i>Total Receipts</i>	<u>74,468</u>	<u>71,918</u>	<u>104,807</u>	<u>32,889</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	34,520	45,350	38,531	6,819
Security of Persons and Property	58,900	62,106	54,927	7,179
Community Environment	0	1,742	1,663	79
Leisure Time Activities	10,000	10,000	1,107	8,893
Basic Utility Services	12,800	12,830	12,785	45
<i>Total Disbursements</i>	<u>116,220</u>	<u>132,028</u>	<u>109,013</u>	<u>23,015</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(41,752)	(60,110)	(4,206)	55,904
<u>Other Financing Uses</u>				
Transfers Out	(20,000)	(4,192)	0	4,192
<i>Total Other Financing Uses</i>	<u>(20,000)</u>	<u>(4,192)</u>	<u>0</u>	<u>4,192</u>
<i>Excess of Receipts Over (Under) Disbursements and Other Financing Uses</i>	(61,752)	(64,302)	(4,206)	60,096
<i>Fund Balance at Beginning of Year</i>	<u>77,975</u>	<u>77,975</u>	<u>77,975</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$16,223</u>	<u>\$13,673</u>	<u>\$73,769</u>	<u>\$60,096</u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*

Fire Department Fund

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<u>Receipts:</u>				
Intergovernmental	\$2,500	\$15,500	\$17,200	\$1,700
Charges for Services	74,500	114,500	139,154	24,654
Miscellaneous	0	0	4,002	4,002
<i>Total Receipts</i>	<u>77,000</u>	<u>130,000</u>	<u>160,356</u>	<u>30,356</u>
<u>Disbursements:</u>				
<i>Current:</i>				
Security of Persons and Property	61,500	99,500	90,120	9,380
<i>Debt Service:</i>				
Principal Retirement	28,000	29,035	29,035	0
Interest and Fiscal Charges	3,937	2,902	2,902	0
<i>Total Disbursements</i>	<u>93,437</u>	<u>131,437</u>	<u>122,057</u>	<u>9,380</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(16,437)	(1,437)	38,299	39,736
<i>Fund Balance at Beginning of Year</i>	<u>18,512</u>	<u>18,512</u>	<u>18,512</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,075</u>	<u>\$17,075</u>	<u>\$56,811</u>	<u>\$39,736</u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2011

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Waste Water Treatment</u>	<u>Other Enterprise Fund</u>	<u>Total</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	<u>\$54,857</u>	<u>\$104,596</u>	<u>\$362,869</u>	<u>\$13,526</u>	<u>\$535,848</u>
<i>Total Assets</i>	<u>54,857</u>	<u>104,596</u>	<u>362,869</u>	<u>13,526</u>	<u>535,848</u>
<u>Net Assets:</u>					
Unrestricted	<u>54,857</u>	<u>104,596</u>	<u>362,869</u>	<u>13,526</u>	<u>535,848</u>
<i>Total Net Assets</i>	<u><u>\$54,857</u></u>	<u><u>\$104,596</u></u>	<u><u>\$362,869</u></u>	<u><u>\$13,526</u></u>	<u><u>\$535,848</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Proprietary Funds
For the Year Ended December 31, 2011

	Water Operating	Sewer Operating	Waste Water Treatment	Other Enterprise Fund	Total Enterprise Funds
<u>Operating Receipts:</u>					
Charges for Services	\$58,426	\$54,787	\$98,792	\$1,050	213,055
Other Operating Receipts	1,500	0	0	0	1,500
<i>Total Operating Receipts</i>	<u>59,926</u>	<u>54,787</u>	<u>98,792</u>	<u>1,050</u>	<u>214,555</u>
<u>Operating Disbursements:</u>					
Personal Services	2,154	4,818	17,177	0	24,149
Employee Fringe Benefits	430	2,912	15,448	0	18,790
Contractual Services	25,928	1,701	50,846	0	78,475
Supplies and Materials	15,780	30,842	14,392	0	61,014
Other	0	0	0	271	271
<i>Total Operating Disbursements</i>	<u>44,292</u>	<u>40,273</u>	<u>97,863</u>	<u>271</u>	<u>182,699</u>
<i>Change in Net Assets</i>	15,634	14,514	929	779	31,856
<i>Net Assets at Beginning of Year</i>	<u>39,223</u>	<u>90,082</u>	<u>361,940</u>	<u>12,747</u>	<u>503,992</u>
<i>Net Assets at End of Year</i>	<u><u>\$54,857</u></u>	<u><u>\$104,596</u></u>	<u><u>\$362,869</u></u>	<u><u>\$13,526</u></u>	<u><u>\$535,848</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

Statement of Fund Net Assets - Cash Basis

Agency Fund

For the Year Ended December 31, 2011

	Agency Fund
<u><i>Assets:</i></u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$11,693</u>
<i>Total Assets</i>	<u>11,693</u>
<u><i>Net Assets:</i></u>	
Unrestricted	<u>11,693</u>
<i>Total Net Assets</i>	<u><u>\$11,693</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

Statement of Net Assets - Cash Basis

December 31, 2010

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$134,980	\$503,992	\$638,972
<i>Total Assets</i>	<u>134,980</u>	<u>503,992</u>	<u>638,972</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	23	0	23
Other Purposes	56,982	0	56,982
Unrestricted	<u>77,975</u>	<u>503,992</u>	<u>581,967</u>
<i>Total Net Assets</i>	<u><u>\$134,980</u></u>	<u><u>\$503,992</u></u>	<u><u>\$638,972</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2010*

	<u>Program Receipts</u>		
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
<u>Governmental Activities:</u>			
General Government	\$31,363	\$1,685	\$0
Security of Persons and Property	102,630	74,596	28,235
Basic Utility Services	12,665	19,093	0
Community Environment	443	0	0
Leisure Time Activities	1,242	0	0
Transportation	18,393	0	23,015
Capital Outlay	60,000	0	0
<i>Debt Service:</i>			
Principal Retirement	41,999	0	0
Interest and Fiscal Charges	4,613	0	0
<i>Total Governmental Activities</i>	<u>273,348</u>	<u>95,374</u>	<u>51,250</u>
<u>Business-Type Activities:</u>			
Water Operating	60,580	51,489	0
Sewer Operating	15,270	54,445	0
Waste Water Treatment	101,427	98,133	0
Guaranteed Deposits for Sewer and Water	168	750	0
<i>Total Business-Type Activities</i>	<u>177,445</u>	<u>204,817</u>	<u>0</u>
<i>Totals Primary Government</i>	<u><u>\$450,793</u></u>	<u><u>\$300,191</u></u>	<u><u>\$51,250</u></u>

General Receipts:

Property Taxes
Grants and Entitlements not Restricted to Specific Programs
Earnings on Investment
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$29,678)	\$0	(\$29,678)
201	0	201
6,428	0	6,428
(443)	0	(443)
(1,242)	0	(1,242)
4,622	0	4,622
(60,000)	0	(60,000)
(41,999)	0	(41,999)
(4,613)	0	(4,613)
(126,724)	0	(126,724)
0	(9,091)	(9,091)
0	39,175	39,175
0	(3,294)	(3,294)
0	582	582
0	27,372	27,372
(126,724)	27,372	(99,352)
72,593	0	72,593
72,845	0	72,845
1,304	0	1,304
1,277	0	1,277
148,019	0	148,019
21,295	27,372	48,667
113,685	476,620	590,305
\$134,980	\$503,992	\$638,972

VILLAGE OF LAURELVILLE, HOCKING COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

For the Year Ended December 31, 2010

	<u>General</u>	<u>Fire Department</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$77,975	\$18,512	\$38,493	\$134,980
<i>Total Assets</i>	<u>77,975</u>	<u>18,512</u>	<u>38,493</u>	<u>134,980</u>
<u>Fund Balances:</u>				
<i>Unreserved</i>				
General Fund	77,975	0	0	77,975
Special Revenue Funds	0	18,512	38,470	56,982
Capital Projects Funds	0	0	23	23
<i>Total Fund Balances</i>	<u>\$77,975</u>	<u>\$18,512</u>	<u>\$38,493</u>	<u>\$134,980</u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Fire Department	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>				
Property Taxes	\$72,593	\$0	\$0	\$72,593
Charges for Services	19,093	74,596	0	93,689
Licenses, Permits and Fees	1,685	0	0	1,685
Intergovernmental	72,845	3,235	23,015	99,095
Earnings on Investments	1,239	0	65	1,304
Miscellaneous	186	26,091	0	26,277
<i>Total Receipts</i>	<u>167,641</u>	<u>103,922</u>	<u>23,080</u>	<u>294,643</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	31,363	0	0	31,363
Security of Persons and Property	53,825	48,805	0	102,630
Community Environment	443	0	0	443
Leisure Time Activities	1,242	0	0	1,242
Transportation	0	0	18,393	18,393
Basic Utility Services	12,665	0	0	12,665
Capital Outlay	0	60,000	0	60,000
<i>Debt Service:</i>				
Principal Retirement	14,274	27,725	0	41,999
Interest and Fiscal Charges	401	4,212	0	4,613
<i>Total Disbursements</i>	<u>114,213</u>	<u>140,742</u>	<u>18,393</u>	<u>273,348</u>
<i>Net Change in Fund Balances</i>	53,428	(36,820)	4,687	21,295
<i>Fund Balances at Beginning of Year</i>	<u>24,547</u>	<u>55,332</u>	<u>33,806</u>	<u>113,685</u>
<i>Fund Balances at End of Year</i>	<u><u>\$77,975</u></u>	<u><u>\$18,512</u></u>	<u><u>\$38,493</u></u>	<u><u>\$134,980</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund*

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$60,000	\$60,000	\$72,593	\$12,593
Intergovernmental	10,018	28,101	72,845	44,744
Licenses, Permits and Fees	9,000	1,454	1,685	231
Earnings on Investments	650	650	1,239	589
Charges for Services	18,500	18,400	19,093	693
Miscellaneous	0	0	186	186
<i>Total Receipts</i>	<u>98,168</u>	<u>108,605</u>	<u>167,641</u>	<u>59,036</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	33,120	34,767	31,363	3,404
Security of Persons and Property	59,000	57,635	53,825	3,810
Community Environment	0	480	443	37
Leisure Time Activities	0	10,006	1,242	8,764
Basic Utility Services	13,500	12,737	12,665	72
<i>Debt Service:</i>				
Principal Retirement	5,000	14,274	14,274	0
Interest and Fiscal Charges	1,000	401	401	0
<i>Total Disbursements</i>	<u>111,620</u>	<u>130,300</u>	<u>114,213</u>	<u>16,087</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,452)</u>	<u>(21,695)</u>	<u>53,428</u>	<u>75,123</u>
<i>Fund Balance at Beginning of Year</i>	<u>24,547</u>	<u>24,547</u>	<u>24,547</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$11,095</u></u>	<u><u>\$2,852</u></u>	<u><u>\$77,975</u></u>	<u><u>\$75,123</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*

Fire Department Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<u>Receipts:</u>				
Intergovernmental	\$2,500	\$2,500	\$3,235	\$735
Charges for Services	81,500	74,500	74,596	96
Miscellaneous	0	25,000	26,091	1,091
<i>Total Receipts</i>	<u>84,000</u>	<u>102,000</u>	<u>103,922</u>	<u>1,922</u>
<u>Disbursements:</u>				
<i>Current:</i>				
Security of Persons and Property	55,150	55,150	48,805	6,345
Capital Outlay	25,750	60,000	60,000	0
<i>Debt Service:</i>				
Principal Retirement	6,250	27,725	27,725	0
Interest and Fiscal Charges	0	4,275	4,212	63
<i>Total Disbursements</i>	<u>87,150</u>	<u>147,150</u>	<u>140,742</u>	<u>6,408</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,150)	(45,150)	(36,820)	8,330
<i>Fund Balance at Beginning of Year</i>	<u>55,332</u>	<u>55,332</u>	<u>55,332</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$52,182</u>	<u>\$10,182</u>	<u>\$18,512</u>	<u>\$8,330</u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

For the Year Ended December 31, 2010

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Wastewater Treatment</u>	<u>Other Enterprise Fund</u>	<u>Total</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$39,223	\$90,082	\$361,940	\$12,747	\$503,992
<i>Total Assets</i>	<u>39,223</u>	<u>90,082</u>	<u>361,940</u>	<u>12,747</u>	<u>503,992</u>
<u>Net Assets:</u>					
Unrestricted	<u>39,223</u>	<u>90,082</u>	<u>361,940</u>	<u>12,747</u>	<u>503,992</u>
<i>Total Net Assets</i>	<u><u>\$39,223</u></u>	<u><u>\$90,082</u></u>	<u><u>\$361,940</u></u>	<u><u>\$12,747</u></u>	<u><u>\$503,992</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Proprietary Funds
For the Year Ended December 31, 2010

	Water Operating	Sewer Operating	Wastewater Treatment	Other Enterprise Fund	Total Enterprise Funds
<i>Operating Receipts:</i>					
Charges for Services	\$51,489	\$54,445	\$98,133	\$750	\$204,817
<i>Total Operating Receipts</i>	51,489	54,445	98,133	750	204,817
<i>Operating Disbursements:</i>					
Personal Services	1,200	3,647	14,763	0	19,610
Employee Fringe Benefits	290	3,975	14,811	0	19,076
Contractual Services	43,005	2,836	53,773	0	99,614
Supplies and Materials	16,085	4,812	18,080	0	38,977
Other	0	0	0	168	168
<i>Total Operating Disbursements</i>	60,580	15,270	101,427	168	177,445
<i>Change in Net Assets</i>	(9,091)	39,175	(3,294)	582	27,372
<i>Net Assets at Beginning of Year</i>	48,314	50,907	365,234	12,165	476,620
<i>Net Assets at End of Year</i>	\$39,223	\$90,082	\$361,940	\$12,747	\$503,992

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE, HOCKING COUNTY

Statement of Fund Net Assets - Cash Basis

Agency Fund

For the Year Ended December 31, 2010

	<u>Agency Fund</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,811</u>
<i>Total Assets</i>	<u>6,811</u>
<u>Net Assets:</u>	
Unrestricted	<u>6,811</u>
<i>Total Net Assets</i>	<u><u>\$6,811</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 1 – Reporting Entity

The Village of Laurelville, Hocking County, Ohio, is a body politic and corporate 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 road maintenance, police protection, water and sewer utilities and refuse collection. The Village appropriates General Fund money to support a volunteer fire department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does apply FASB statements issued after November 30, 1989, to its business-type activities and enterprise funds to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are generally financed through charges for services and grants.

The statement of net assets presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Village's general receipts.

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The following are the Village's major governmental funds:

General Fund – This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Proprietary Funds

The proprietary fund focus is on the determination of the change in net assets, financial position and cash flows. The Villages' proprietary funds are classified as enterprise. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services.

The following are the Village's proprietary funds:

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

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

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

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village may appropriate.

The appropriations ordinance is the Village's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Village. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 was \$1,228 which includes interest earned from other funds.

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (continued)

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for state grants reported in special revenue funds.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable: The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies - (Continued)

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Fire Department Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no differences for the years ended December 31, 2011 and December 31, 2010.

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investment may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 4 – Deposits and Investments – (Continued)

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements” and GASB Statement No. 40, “Deposits and Investment Risk Disclosures.”

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Village’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

At December 31, 2011, the carrying amount of all Village deposits was \$720,610. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2011, \$482,490 of the Village’s bank balance of \$732,490 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$482,490 exposed to custodial risk was collateralized with securities held by the Village or its agency in the Village’s name. Congress enacted temporary legislation to increase FDIC insurance coverage from \$100,000 to \$250,000 until December 31, 2013.

At December 31, 2010, the carrying amount of all Village deposits was \$645,783. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2010, \$404,867 of the Village’s bank balance of \$654,867 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$404,867 exposed to custodial risk was collateralized with securities held by the Village or its agency in the Village’s name. Congress enacted temporary legislation to increase FDIC insurance coverage from \$100,000 to \$250,000 until December 31, 2013.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secured.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which rate 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.

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

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 6 – Risk Management

The Village has obtained commercial insurance for the following risks:

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

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2011, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Village's contribution rate for pension benefits for 2011 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 18.1 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2010, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 11.1 percent of their annual covered salary; members in public safety contributed 10.5 percent. The Village's contribution rate for pension benefits for 2010 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 17.87 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 7 – Defined Benefit Pension Plan– (Continued)

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$11,406, \$8,611, and \$6,287, respectively. The full amount has been contributed for 2011, 2010, and 2009.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2011 local government employer contribution rate was 14.00 percent of covered payroll (18.10 percent for public safety and law enforcement); 4.0 percent of covered payroll was the portion that was used to fund health care. The 2010 local government employer contribution rate was 14.00 percent of covered payroll (17.87 percent for public safety and law enforcement); for members in the Traditional Plan, 5.5 percent was the portion used to fund healthcare from January 1 through February 28, 2010 and 5.0 percent was the portion used from March 1 through December 31, 2010; and for members in the Combined Plan, 4.73 percent was the portion used to fund healthcare from January 1 through February 28, 2010 and 4.23 percent was the portion used from March 1 through December 31, 2010. The 2010 employer rate was 17.87 percent, and 7.0 percent was used to fund healthcare for both the law enforcement and public safety divisions.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 9 - Debt

A summary of the debt transactions for the year ended December 31, 2011, follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2011</u>	<u>Due Within One Year</u>
<i>Governmental Activities:</i>						
2006 Fire Truck Note	4.80%	\$59,570	\$0	\$29,035	\$30,535	\$30,535
Total Governmental Activities		<u>\$59,570</u>	<u>\$0</u>	<u>\$29,035</u>	<u>\$30,535</u>	<u>\$30,535</u>

A summary of the debt transactions for the year ended December 31, 2010, follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2010</u>	<u>Due Within One Year</u>
<i>Governmental Activities:</i>						
2006 Fire Truck Note	5.00%	\$14,274	\$0	\$14,274	\$0	\$0
2006 Fire Truck Note	4.80%	87,295	0	27,725	59,570	29,035
Total Governmental Activities		<u>\$101,569</u>	<u>\$0</u>	<u>\$41,999</u>	<u>\$59,570</u>	<u>\$29,035</u>

The 2006 Fire Truck Notes relate to the purchase of a Fire Truck in 2006. The full faith and credit of the Village are pledged to repay the debt.

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

<u>Year Ending December 31</u>	<u>2006 Fire Truck Note 4.8%</u>	
	Principal	Interest
2012	\$30,535	\$1,402
Total	<u>\$30,535</u>	<u>\$1,402</u>

Note 10 – Change in Accounting Principle

For 2011, the Village implemented GASB Statement No. 54, “Fund Balances Reporting and Governmental Fund Type Definitions”. The implementation of this statement did not result in any change in the Village’s financial statements.

VILLAGE OF LAURELVILLE –HOCKING COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 11 – Fund Cash Balances

As of December 31, 2011, fund balances are composed of the following:

	<u>General</u>	<u>Fire Department</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Restricted:</i>				
Security of Persons and Property	\$0	\$56,811	\$0	\$56,811
Transportation	0	0	42,489	42,489
<i>Unassigned</i>	<u>73,769</u>	<u>0</u>	<u>0</u>	<u>73,769</u>
 Total	 <u>\$73,769</u>	 <u>\$56,811</u>	 <u>\$42,489</u>	 <u>\$173,069</u>

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Laurelville, Hocking County, Ohio, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 24, 2012, wherein we noted the Village adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As discussed in Note 2, the Village followed the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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

Compliance and Other Matters

As part of 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain additional matters that we have reported to management of the Village in a separate letter dated July 24, 2012.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

July 24, 2012

VILLAGE OF LAURELVILLE, HOCKING COUNTY
Schedule of Prior Audit Findings
For the Years Ended December 31, 2011 and 2010

Finding Number	Description	Status	Comments
	<i>Government Auditing Standards:</i>		
2008-001	Audit Adjustments were made to reclassify Principal Retirement from Interest and Fiscal Charges.	Corrected	N/A



Dave Yost • Auditor of State

VILLAGE OF LAURELVILLE

HOCKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 18, 2012