



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF LORE CITY
GUERNSEY COUNTY
DECEMBER 31, 2018

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Lore City
Guernsey County
P.O. Box 157
Lore City, Ohio 43755

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Lore City, Guernsey County, Ohio (the Village), as of and for the year ended December 31, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe that the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Lore City, Guernsey County, as of December 31, 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2019

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Village of Lore City, Ohio
Guernsey County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$34,329	\$13,180	\$0	\$47,509
Intergovernmental	16,445	67,588	0	84,033
Charges for Services	0	30,375	0	30,375
Miscellaneous	5,327	0	0	5,327
<i>Total Cash Receipts</i>	<u>56,101</u>	<u>111,143</u>	<u>0</u>	<u>167,244</u>
Cash Disbursements				
Current:				
Security of Persons and Property	3,163	62,644	0	65,807
Public Health Services	9	0	0	9
Leisure Time Activities	0	204	0	204
Transportation	8,033	16,171	0	24,204
General Government	39,694	0	0	39,694
Capital Outlay	10,170	36,436	759	47,365
<i>Total Cash Disbursements</i>	<u>61,069</u>	<u>115,455</u>	<u>759</u>	<u>177,283</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,968)</u>	<u>(4,312)</u>	<u>(759)</u>	<u>(10,039)</u>
Extraordinary Item	568	10	0	578
<i>Net Change in Fund Cash Balances</i>	<u>(4,400)</u>	<u>(4,302)</u>	<u>(759)</u>	<u>(9,461)</u>
<i>Fund Cash Balances, January 1</i>	<u>24,433</u>	<u>83,481</u>	<u>759</u>	<u>108,673</u>
Fund Cash Balances, December 31				
Restricted	0	79,179	0	79,179
Unassigned (Deficit)	20,033	0	0	20,033
<i>Fund Cash Balances, December 31</i>	<u>\$20,033</u>	<u>\$79,179</u>	<u>\$0</u>	<u>\$99,212</u>

See accompanying notes to the basic financial statements.

Village of Lore City, Ohio
Guernsey County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2018

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$75,383
<i>Total Operating Cash Receipts</i>	<u>75,383</u>
Operating Cash Disbursements	
Personal Services	5,475
Employee Fringe Benefits	2,143
Contractual Services	23,247
Supplies and Materials	<u>2,334</u>
<i>Total Operating Cash Disbursements</i>	<u>33,199</u>
<i>Operating Income (Loss)</i>	<u>42,184</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	1,753,750
Other Debt Proceeds	300,832
Capital Outlay	<u>(2,060,367)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(5,785)</u>
<i>Net Change in Fund Cash Balances</i>	36,399
<i>Fund Cash Balances, January 1</i>	<u>241,356</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$277,755</u></u>

See accompanying notes to the basic financial statements.

Village of Lore City, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018

1. Summary of Significant Accounting Policies

A. Description of Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Lore City, Guernsey County (the Village), as a body corporate and politic. A publically-elected six member Council directs the Village. The Village provides maintenance of roads, street lighting, sewer services and fire protection. The Village contracts with the Guernsey County Sheriff's department to provide security of persons and property.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits and Investments

All deposits are maintained in an interest-bearing checking account. The Village has no investments.

D. Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported 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.

2. Special Revenue Funds

These funds account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Village of Lore City, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

Other Special Revenue Fund – This fund receives proceeds from fire levy and contractual agreements with other governmental entities to be used for fire protection.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had no significant capital project funds in 2018.

4. Enterprise Funds

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

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

Enterprise Improvement Fund – This fund receives and appropriates monies for the new Wastewater System Project.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled and re-appropriated in the subsequent year

A summary of 2018 budgetary activity appears in Note 3.

Village of Lore City, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

F. Fund Balance

Fund balance is divided into two 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:

1. Restricted

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.

2. 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.

G. Property, Plant and Equipment

The Village records disbursements and acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2018
Demand deposits	<u>\$376,967</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. From January 1 through July 31, 2018, the Village's deposits were not insured or collateralized, contrary to Ohio law.

Village of Lore City, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,932	\$56,669	\$11,737
Special Revenue	106,537	111,153	4,616
Enterprise	2,881,045	2,129,965	(751,080)
Total	\$3,032,514	\$2,297,787	(\$734,727)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$69,035	\$61,069	\$7,966
Special Revenue	158,664	115,455	\$43,209
Capital Projects	759	759	0
Enterprise	2,796,702	2,093,566	\$703,136
Total	\$3,025,160	\$2,270,849	\$754,311

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

5. Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Water Pollution Control Fund #7746	462,255	0%

Village of Lore City, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

The Village entered into an agreement with the Ohio Water Development Authority (OWDA) for a WPCLF loan #7746, in the amount of \$698,200, for wastewater collection and treatment. As of December 31, 2018, the Village has drawn down \$462,255. There is no amortization schedule as the loan is not due until completion of the project.

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles and equipment;
- Errors and omissions;
- Management liability for the Fire Department and Public Officials liability

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**VILLAGE OF LORE CITY
GUERNSEY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. ARMY CORPS OF ENGINEERS			
<i>Direct Program</i>			
Section 594 of the Water Development Act of 1999	12.XXX	N/A	\$ 1,503,453
Total U.S Army Corps of Engineers			1,503,453
U.S. APPALACHIAN REGIONAL COMMISSION			
<i>Passed through the Ohio Environmental Protection Agency</i>			
ARC Area Development	23.002	OH-18717-2017	25,720
Total U.S Appalachian Regional Commission			25,720
Total Expenditures of Federal Awards			\$1,529,173

The accompanying notes are an integral part of this Schedule.

**VILLAGE OF LORE CITY
GUERNSEY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Lore City, Guernsey County (the Village), under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Lore City
Guernsey County
P.O. Box 157
Lore City, Ohio 43755

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Lore City, Guernsey County, Ohio (the Village), as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency. We consider finding 2018-001, described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2018-001.

Village's Response to the Finding

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2019

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Village of Lore City
Guernsey County
P.O. Box 157
Lore City, Ohio 43755

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Lore City's, Guernsey County, Ohio (the Village), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Village's major federal program.

Management's Responsibility

The Village's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2019

**VILLAGE OF LORE CITY
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2018**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR PART 200.516(a)?	No
(d)(1)(vii)	Major Program (list): <ul style="list-style-type: none"> • Section 594 of the Water Development Act of 1999, CFDA # 12.XXX 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR PART 200.520?	No

**VILLAGE OF LORE CITY
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2018
(Continued)**

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

FINDING NUMBER 2018-001

Noncompliance and Significant Deficiency

Ohio Rev. Code § 135.18 provides that each institution designated as a public depository and awarded public deposits, shall provide security for the repayment of all public deposits by securing all uninsured public deposits of each public depositor separately (Ohio Rev. Code § 135.18(A)(1)), or as applicable to Ohio Rev. Code §§ 135.181 or 135.182 by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor (Ohio Rev. Code § 135.18(A)(2)). If a public depository elects to provide security pursuant to Ohio Rev. Code § 135.18(A)(1), the public depository must pledge eligible securities and equal to at least one hundred five per cent (Ohio Rev. Code § 135.18(B))

Ohio Rev. Code § 135.181 provides in lieu of the specific pledging requirements of Ohio Rev. Code §§ 135.18 and 135.37, a public depository at its option may pledge a single pool of eligible securities to secure the repayment of all its public deposits not otherwise secured, provided that at all times the total market value of the securities so pledged is at least equal to one hundred five per cent of its uninsured public deposits to be secured by the pooled securities

Ohio Rev. Code § 135.181(L) provides upon request of a treasurer no more often than four times per year, a public depository shall report the amount of public moneys deposited by the treasurer and secured pursuant to division (B) of this section, and the total market value of the pool of securities pledged to secure public moneys held by the depository, including those deposited by the treasurer. Upon request of a treasurer, no more often than four times per year, a qualified trustee shall report the total market value of the pool of securities deposited with it by the depository and shall provide an itemized list of the securities in the pool. These reports shall be made as of the date the treasurer specifies.

The treasurer of state created the Ohio Pooled Collateral System (OPCS) July 1, 2017. Under this program, public depositories that select the pledging method prescribed in Ohio Rev. Code § 135.18(A)(2) or Ohio Rev. Code § 135.37(A)(2), shall pledge to the treasurer of state a single pool of eligible securities for the benefit of all public depositors to secure the repayment of all uninsured public deposits at the public depository; provided that at all times the total market value of the securities so pledged is at least equal either of the following:

1. One hundred two percent of the total amount of all uninsured public deposits.
2. An amount determined by rules adopted by the treasurer of state that set forth the criteria for determining the aggregate market value of the pool of eligible securities pledged by a public depository pursuant to division (B) of this section. Such criteria shall include, but are not limited to, prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization. (Ohio Rev. Code § 135.182(B)(1))

The public depository shall designate a qualified trustee approved by the treasurer of state for the safekeeping of eligible pledged securities (Ohio Rev. Code § 135.182(C)).

VILLAGE OF LORE CITY
GUERNSEY COUNTY

SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2018
(Continued)

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

FINDING NUMBER 2018-001 (Continued)

Noncompliance and Significant Deficiency (Continued)

The Village had a depository agreement with WesBanco Bank during 2017. WeBanco did not join Ohio Pooled Collateral System (OPCS) provided by the Treasurer of State of Ohio until 2018, nor did they provide specific pledged collateral for the Village, but continued to maintain pooled collateral as provided under a prior Ohio Rev. Code section. Further, we found the Village did not notify the OPCS of its bank balances until August 31, 2018. This caused the Village to be under collateralized from January to August 2018.

The Fiscal Officer should review the Village's account with the Ohio Pooled Collateral System to ensure the proper pooled collateral has been obtained for the Village's funds.

Official's Response: WesBanco did not notify the Village of their participation in Ohio Pooled Collateral System until August 2018.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Village of Lore City
Guernsey County
P.O. Box 157
Lore City, Ohio 43755

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Incorrect postings of financial statement account classifications could result in inaccurate reporting of the Village's financial condition.	Partially Corrected	The Village checked with their consultant on some postings but not all.
2017-002	2 CFR Part 200.510(b) - The Village did not have a process in place to ensure the Federal Schedule was complete and accurate.	Not Corrected	The Village did not adopt procedures to have consultant review federal schedule before giving to auditors.

Village of Lore City
Guernsey County
P.O. Box 157
Lore City, Ohio 43755

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	WesBanco did not notify the Village of their responsibilities until August 2018. After Village was made aware, the Fiscal Officer reviewed bank balances to determine that sufficient collateral had been pledged by WesBanco during their participation in OPCS.	September 2018	Fiscal Officer

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF LORE CITY

GUERNSEY 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 24, 2019