



Dave Yost • Auditor of State

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

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HOCKING COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Laurelville, Hocking County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 1 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 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 the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Disclaimer of Opinion on Fiduciary Fund Assets and Net Position

Fiduciary Fund assets and net position are reported at \$1,740 for the year ended December 31, 2013 and at \$4,954 for the year ended December 31, 2012. These amounts represent 100% of Fiduciary Fund assets and net position for the years ended December 31, 2013 and 2012. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded.

Disclaimer of Opinion on Fiduciary Fund Receipts

Because of the significance of assets and net position to the Fiduciary Fund Type, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Fiduciary Fund Type of the Village of Laurelville, Hocking County, Ohio, for the years ended December 31, 2013 and 2012.

Basis for Qualification of Opinion on Governmental Activities Charges for Services and General Fund Fines, licenses and permits

Fines, licenses and permits are reported at \$21,455 for the year ended December 31, 2013, which is 22 percent of total General Fund operating receipts for the year ended December 31, 2013. Fines, licenses and permits are reported at \$14,517 for the year ended December 31, 2012, which is 7 percent of Charges for Services of Governmental Activities and 12 percent of total General Fund operating receipts for the year ended December 31, 2012. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualification of Opinion on the General Fund Fines, licenses and permits

Also, in our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2013 and 2012 fines, licenses and permits receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the Village of Laurelville, Hocking County, Ohio, as of December 31, 2013 and 2012 and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof, for the years then ended in accordance with the accounting basis described in Note 1.

Unmodified Opinions

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities as of December 31, 2013 and the business-type activities, each major fund and the aggregate remaining fund information of the Village of Laurelville, Hocking County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the respective budgetary comparison for the Fire Department Fund thereof, for the years then ended in accordance with the accounting basis described in Note 1.

Other Matters

Supplemental and Other Information

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are 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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014, 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.



Dave Yost
Auditor of State

Columbus, Ohio

August 28, 2014

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**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

*Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)*

The management's discussion and analysis of the Village of Laurelville's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2013 and 2012, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash basis basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key highlights for 2013 are as follows:

Net position of governmental activities decreased \$27,673 or 11.8 percent from 2012. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which decreased by the amount of \$23,521.

Program receipts accounted for \$490,395 or 78.6 percent of total receipts. General receipts accounted for \$132,058 or 21.5 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 \$554,860 in disbursements; \$490,395 of these disbursements was offset by programs specific charges for services, operating grants and contributions. General receipts of \$132,058 were utilized to provide for the remainder of these programs.

Among the major funds, the General Fund is the most significant with \$98,835 in receipts and \$122,356 in disbursements.

Key highlights for 2012 are as follows:

Net position of governmental activities increased \$61,243 or 35.4 percent from 2011. Among the major funds, the Fire Department Fund had the most significant increase in net position which was \$68,295.

Program receipts accounted for \$474,736 or 48.0 percent of total receipts. General receipts accounted for \$515,375 or 52.1 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 \$861,428 in disbursements; \$474,736 of these disbursements was offset by programs specific charges for services, operating grants and contributions. General receipts of \$515,375 were utilized to provide for the remainder of these programs.

Among the major funds, the Fire Department Fund is the most significant with \$620,224 in receipts and \$551,929 in disbursements.

Using the Basic Financial Statements

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

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the Village as a whole, presenting an aggregate view of the Village's cash basis finances. Fund financial statements provide the next level of detail. The fund financial statements look at the Village's most significant funds with all other nonmajor funds presented in total in one column.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**
*Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)*

The notes to the basic 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.

Since the Village uses the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded on these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

A general question typically asked about the Village's finances is "How did we do financially during 2013 and 2012?" The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer this question. These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's cash receipts and cash disbursements if the cash is actually received or paid.

These two statements report the Village's net position and changes in that position on a cash basis. This change in net position is important because it tells the reader that, for the Village as a whole, the financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis, the Village is divided into two distinct kinds of activities:

Governmental activities - Most of the Village's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property taxes and intergovernmental receipts including federal and state grants and other shared receipts.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the disbursements for the goods or services provided. The Village's water, sewer and wastewater operations are reported here.

Reporting the Village's Most Significant Funds

Fund Financial Statements

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 the money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

*Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)*

Governmental Funds

Most 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 Fund and Fire Department Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the government-wide statements.

Proprietary Funds

When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's major proprietary funds are 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 governmental-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.

The Village of Laurelville as a Whole

Recall that the Statement of Net Position – Cash Basis provides the perspective of the Village as a whole.

Table 1 provides a summary of the Village's net position for 2013 and 2012 compared to 2011.

(Table 1)
Net Position

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>	Business- Type Activities <u>2013</u>	Business- Type Activities <u>2012</u>	Business- Type Activities <u>2011</u>
Assets:						
Cash and Cash Equivalents	\$ 206,639	\$ 234,312	\$ 173,069	\$ 699,425	\$ 603,288	\$ 535,848
Total assets	<u>206,639</u>	<u>234,312</u>	<u>173,069</u>	<u>699,425</u>	<u>603,288</u>	<u>535,848</u>
Net position:						
Restricted for:						
Capital Projects	23	23	23			
Other Purposes	160,965	165,118	99,277			
Unrestricted (deficit)	45,651	69,171	73,769	699,425	603,288	535,848
Total net position	<u>\$ 206,639</u>	<u>\$ 234,312</u>	<u>\$ 173,069</u>	<u>\$ 699,425</u>	<u>\$ 603,288</u>	<u>\$ 535,848</u>

Table 2 provides a summary of the Village's changes in net position for 2013 and 2012 compared to 2011.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

*Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)*

(Table 2)
Changes in Net Position

	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
	2013	2013	2012	2012	2011	2011
Cash receipts:						
Program cash receipts:						
Charges for services and sales	\$ 229,706	\$ 225,100	\$ 219,786	\$ 228,975	\$ 164,613	\$ 213,055
Operating grants	35,589		25,975		40,908	
Total program cash receipts	265,295	225,100	245,761	228,975	205,521	213,055
General cash receipts:						
Property taxes	42,107		43,761		52,251	
Payments in Lieu of Taxes					1,057	
Grants and Entitlements not restricted to specific programs	15,409		18,382		24,482	
Other Financial Sources	70,000					
Other Debt Proceeds			429,756			
Earnings on Investments	1,062		1,177		1,293	
Miscellaneous	3,480	871	22,299		4,332	1,500
Total general cash receipts	132,058	871	515,375	0	83,415	1,500
Total cash receipts	397,353	225,971	761,136	228,975	288,936	214,555
Cash disbursements:						
General government	40,336		33,824		38,531	
Security of persons and property	250,324		166,227		145,047	
Leisure time activities	1,814				1,107	
Community environment	309				1,663	
Basic Utility Services	11,526		11,759		12,785	
Transportation	46,230		27,292		19,777	
Capital outlay			429,756			
Debt service:						
Principal	60,504		30,451		29,035	
Interest and fiscal charges	13,983		584		2,902	
Water		30,081		45,730		44,292
Sewer		14,926		16,929		40,273
Guarantee Deposits for Water/Sewer		394		118		271
Waste Water		84,433		98,758		97,863
Total cash disbursements	425,026	129,834	699,893	161,535	250,847	182,699
Change in net position	(27,673)	96,137	61,243	67,440	38,089	31,856
Net position, beginning of year	234,312	603,288	173,069	535,848	134,980	503,992
Net position, end of year	\$ 206,639	\$ 699,425	\$ 234,312	\$ 603,288	\$ 173,069	\$ 535,848

Governmental Activities

Program receipts represent 66.8 percent of total receipts for 2013, 32.3 percent of total receipts for 2012 and 71.1 percent of total receipts for 2011. Program receipts are primarily comprised of charges for services.

General receipts represent 33.2 percent of total receipts for 2013, 67.7 percent of total receipts for 2012 and 28.9 percent of total receipts for 2011. 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 10.6 percent of total receipts for 2013, 5.7 percent of total receipts for 2012, and 18 percent of total receipts for 2011.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

*Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)*

With the exception of the 2012 capital outlay expenditure of \$429,756 relating to the purchase of two fire trucks, the most significant program disbursements for the Village are General Government, Security of Persons and Property and Transportation. These programs account for 79.3 percent of total disbursements in 2013, 32.5 percent of total disbursements in 2012 and 81 percent of total disbursements in 2011. General Government, which accounts 9.5 percent of the total in 2013, 4.8 percent of the total in 2012, and 15.4 percent of the total in 2011 represents the general operating costs of the Village. Security of Persons and Property, which accounts for 58.9 percent of the total in 2013, 23.8 percent of the total in 2012 and 57.8 percent of the total in 2011, represents the costs of providing Police and Fire protection services to the residents of the Village. Transportation, which accounts 10.9 percent of the total in 2013, 3.9 percent of the total in 2012, and 7.8 percent of the total in 2011 represents the costs of maintaining and repairing the roads of the Village.

(Table 3)

Program Cash Receipts vs. Total Cash Disbursements

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
General government	\$ 40,336	\$ (17,239)	\$ 33,824	\$ (18,931)	\$ 38,531	\$ 37,154
Security of persons and property	250,324	(55,789)	166,227	23,213	145,047	(11,307)
Leisure time activities	1,814	(1,499)		40	1,107	1,107
Community environment	309	(309)			1,663	1,663
Basic Utility Services	11,526	6,268	11,759	7,594	12,785	(11,296)
Transportation	46,230	(16,676)	27,292	(5,257)	19,777	(3,932)
Capital outlay			429,756	(429,756)		
Debt service:						
Principal	60,504	(60,504)	30,451	(30,451)	29,035	29,035
Interest and fiscal charges	13,983	(13,983)	584	(584)	2,902	2,902
	<u>\$ 425,026</u>	<u>\$ (159,731)</u>	<u>\$ 699,893</u>	<u>\$ (454,132)</u>	<u>\$ 250,847</u>	<u>\$ 45,326</u>

Business-Type Activities

The business-type activities of the Village, which include its water and sewer operations, increased in net assets by \$96,137 in 2013, \$67,440 in 2012 and \$31,856 in 2011.

Financial Analysis of the Village's Funds

Governmental Funds

Total governmental funds had receipts of \$397,353 and disbursements of \$425,026 in 2013. There was a \$27,673 negative margin of difference between the receipts and disbursements for 2013.

Total governmental funds had receipts of \$761,136 and disbursements of \$699,893 in 2012. There was a \$61,243 margin of difference between the receipts and disbursements for 2012.

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 \$107,117, \$181,622 and \$395,521, respectively for 2013 and \$72,299, \$142,216 and \$374,465, respectively for 2012. During 2013, the Water Operating Fund net assets increased by \$34,818, the Sewer Operating Fund net assets increased by \$39,406 and the Waste Water Treatment Fund increased by \$21,057.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**
*Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)*

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 2013, the General Fund final budgeted receipts were \$88,233 representing a \$18,583 change from the original budgeted receipts. Actual receipts of \$98,835 exceeded the final estimated receipts by \$10,602. For 2012, the General Fund final budgeted receipts were \$113,890 representing a \$42,322 change from the original budgeted receipts. Actual receipts of \$116,075 exceeded the final estimated receipts by \$2,185.

For 2013, the General Fund final disbursements were budgeted at \$130,600, representing a \$6,500 change from the original budgeted disbursements. Actual disbursements of \$122,356 were within the final budgeted amount. For 2012, the General Fund final disbursements were budgeted at \$155,745, representing a \$40,000 change from the original budgeted disbursements. Actual disbursements of \$120,672 were within the final budgeted amount.

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The Village had no capital outlay cash disbursements during 2013 and \$429,756 in capital outlay cash disbursements in governmental funds during 2012.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2013 and 2012:

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
General obligation notes	<u>\$ 439,252</u>	<u>\$ 429,756</u>

See Note 8 to the basic financial statements for more detail on the Village's long-term debt obligations.

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

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 206,639	\$ 699,425	\$ 906,064
Total Assets	<u>206,639</u>	<u>699,425</u>	<u>906,064</u>
Net Position			
Restricted for:			
Capital Projects	23		23
Other Purposes	160,965		160,965
Unrestricted	<u>45,651</u>	<u>699,425</u>	<u>745,076</u>
Total Net Position	<u>\$ 206,639</u>	<u>\$ 699,425</u>	<u>\$ 906,064</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, 2013**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Current:						
General Government	\$ 40,336	\$ 23,097	\$	\$ (17,239)	\$	\$ (17,239)
Security of Persons and Property	250,324	188,500	6,035	(55,789)		(55,789)
Leisure Time Activities	1,814	315		(1,499)		(1,499)
Community Environment	309			(309)		(309)
Basic Utility Services	11,526	17,794		6,268		6,268
Transportation	46,230		29,554	(16,676)		(16,676)
Capital Outlay				0		0
Debt Service:						0
Principal Retirement	60,504			(60,504)		(60,504)
Interest and Fiscal Charges	13,983			(13,983)		(13,983)
Total Governmental Activities	425,026	229,706	35,589	(159,731)	0	(159,731)
Business Type Activities						
Water Operating	30,081	64,775			34,694	34,694
Sewer Operating	14,926	54,257			39,331	39,331
Guarantee Deposits/Sewer & Water	394	1,250			856	856
Waste Water Treatment	84,433	104,818			20,385	20,385
Total Business Type Activities	129,834	225,100	0	0	95,266	95,266
Total Primary Government	\$ 554,860	\$ 454,806	\$ 35,589	(159,731)	95,266	(64,465)
General Cash Receipts						
Property Taxes				42,107		42,107
Grants and Entitlements not Restricted to Specific Programs				15,409		15,409
Other Financing Sources				70,000		70,000
Earnings on Investments				1,062		1,062
Miscellaneous				3,480	871	4,351
Total General Cash Receipts				132,058	871	132,929
Change in Net Position				(27,673)	96,137	68,464
Net Position Beginning of Year				234,312	603,288	837,600
Net Position End of Year				\$ 206,639	\$ 699,425	\$ 906,064

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES -
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General Fund</u>	<u>Fire Department Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 45,651	\$ 139,515	\$ 21,473	\$ 206,639
Total Assets	<u>45,651</u>	<u>139,515</u>	<u>21,473</u>	<u>206,639</u>
Fund Cash Balance, December 31				
Restricted		139,515	21,473	160,988
Assigned	39,855			39,855
Unassigned (Deficit)	5,796			5,796
Fund Cash Balance, December 31	<u>\$ 45,651</u>	<u>\$ 139,515</u>	<u>\$ 21,473</u>	<u>\$ 206,639</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$ 42,107	\$	\$	\$ 42,107
Intergovernmental	15,409	6,035	29,554	50,998
Charges for Services	18,109	188,500		206,609
Fines, Licenses and Permits	21,455		1,642	23,097
Earnings on Investments	1,009		53	1,062
Miscellaneous	746	2,460	274	3,480
Total Receipts	98,835	196,995	31,523	327,353
Disbursements				
Current:				
General Government	40,278		58	40,336
Security of Persons and Property	68,429	181,895		250,324
Leisure Time Activities	1,814			1,814
Community Environment	309			309
Basic Utility Services	11,526			11,526
Transportation			46,230	46,230
Debt Service:				
Principal Retirement		60,504		60,504
Interest and Fiscal Charges		13,983		13,983
Total Disbursements	122,356	256,382	46,288	425,026
Excess of Receipts Over (Under) Disbursements	(23,521)	(59,387)	(14,765)	(97,673)
Other Financing Sources (Uses)				
Transfers In		3,796		3,796
Transfers Out			(3,796)	(3,796)
Other Financing Sources		70,000		70,000
Total Other Financing Sources (Uses)	0	73,796	(3,796)	70,000
Net Change in Fund Balances	(23,521)	14,409	(18,561)	(27,673)
Fund Balances Beginning of Year	69,172	125,106	40,034	234,312
Fund Balances End of Year	\$ 45,651	\$ 139,515	\$ 21,473	\$ 206,639

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN CASH FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS) -
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$ 43,000	\$ 38,498	\$ 42,107	\$ 3,609
Intergovernmental	6,500	13,585	15,409	1,824
Charges for Services	15,000	15,000	18,109	3,109
Fines, Licenses and Permits	4,500	20,500	21,455	955
Earnings on Investments	650	650	1,009	359
Miscellaneous			746	746
Total receipts	<u>69,650</u>	<u>88,233</u>	<u>98,835</u>	<u>10,602</u>
Disbursements				
Current:				
General Government	36,300	44,210	40,278	3,932
Security of Persons and Property	64,100	70,650	68,429	2,221
Leisure Time Activities	10,000	2,040	1,814	226
Community Environment	500	500	309	191
Basic Utility Services	13,200	13,200	11,526	1,674
Total Disbursements	<u>124,100</u>	<u>130,600</u>	<u>122,356</u>	<u>8,244</u>
Net Change in Fund Balance	(54,450)	(42,367)	(23,521)	18,846
Unencumbered Cash Balance Beginning of Year	<u>69,172</u>	<u>69,172</u>	<u>69,172</u>	<u>0</u>
Unencumbered Cash Balance End of Year	<u>\$ 14,722</u>	<u>\$ 26,805</u>	<u>\$ 45,651</u>	<u>\$ 18,846</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN CASH FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS) -
FIRE DEPARTMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 20,000	\$ 6,035	\$ 6,035	\$
Charges for Services	155,000	175,000	188,500	13,500
Miscellaneous			2,460	2,460
Total receipts	<u>175,000</u>	<u>181,035</u>	<u>196,995</u>	<u>15,960</u>
Disbursements				
Current:				
Security of Persons and Property	145,200	235,200	181,895	53,305
Debt Service:				
Principal Retirement	61,000	61,000	60,504	496
Interest and Fiscal Charges	14,500	14,500	13,983	517
Total Disbursements	<u>220,700</u>	<u>310,700</u>	<u>256,382</u>	<u>54,318</u>
Excess of Receipts Over (Under) Disbursements	<u>(45,700)</u>	<u>(129,665)</u>	<u>(59,387)</u>	<u>70,278</u>
Other Financing Sources (Uses)				
Transfers In		3,254	3,796	542
Other Financing Sources		70,000	70,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>73,254</u>	<u>73,796</u>	<u>542</u>
Net Change in Fund Balance	(45,700)	(56,411)	14,409	70,820
Unencumbered Cash Balance Beginning of Year	125,106	125,106	125,106	0
Unencumbered Cash Balance End of Year	<u>\$ 79,406</u>	<u>\$ 68,695</u>	<u>\$ 139,515</u>	<u>\$ 70,820</u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE
HOCKING COUNTY

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2013

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Waste Water Treatment</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 107,117	\$ 181,622	\$ 395,521	\$ 15,165	\$ 699,425
Total Assets	<u>107,117</u>	<u>181,622</u>	<u>395,521</u>	<u>15,165</u>	<u>699,425</u>
Net Position					
Unrestricted	107,117	181,622	395,521	15,165	699,425
Total Net Position	<u>\$ 107,117</u>	<u>\$ 181,622</u>	<u>\$ 395,521</u>	<u>\$ 15,165</u>	<u>\$ 699,425</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Water Operating	Sewer Operating	Waste Water Treatment	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts					
Charges for Services	\$ 64,775 124	\$ 54,257 75	\$ 104,818 672	\$ 1,250	\$ 225,100 871
Total Operating Receipts	<u>64,899</u>	<u>54,332</u>	<u>105,490</u>	<u>1,250</u>	<u>225,971</u>
Operating Disbursements					
Personal Services	13,946	5,197	13,673		32,816
Employee Fringe Benefits	2,407	2,228	12,144		16,779
Contractual Services	6,638	6,195	47,951		60,784
Supplies and Materials	7,090	1,306	10,665		19,061
Other				394	394
Total Operating Disbursements	<u>30,081</u>	<u>14,926</u>	<u>84,433</u>	<u>394</u>	<u>129,834</u>
Operating Income (Loss)	<u>34,818</u>	<u>39,406</u>	<u>21,057</u>	<u>856</u>	<u>96,137</u>
Net Position Beginning of Year	<u>72,299</u>	<u>142,216</u>	<u>374,465</u>	<u>14,308</u>	<u>603,288</u>
Net Position End of Year	<u>\$ 107,117</u>	<u>\$ 181,622</u>	<u>\$ 395,522</u>	<u>\$ 15,164</u>	<u>\$ 699,425</u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE
HOCKING COUNTY

STATEMENT OF NET POSITION - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2013

	Agency Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,740
Total Assets	<u>1,740</u>
Liabilities	
Due to Other Governments	<u>1,740</u>
Total Net Position	<u>\$ 1,740</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 234,312	\$ 603,288	\$ 837,600
Total Assets	<u>234,312</u>	<u>603,288</u>	<u>837,600</u>
Net Position			
Restricted for:			
Capital Projects	23		23
Other Purposes	165,118		165,118
Unrestricted	<u>69,171</u>	<u>603,288</u>	<u>672,459</u>
Total Net Position	<u>\$ 234,312</u>	<u>\$ 603,288</u>	<u>\$ 837,600</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, 2012**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Current:						
General Government	\$ 33,824	\$ 14,893	\$	\$ (18,931)	\$	\$ (18,931)
Security of Persons and Property	166,227	185,500	3,940	23,213		23,213
Leisure Time Activities		40		40		40
Basic Utility Services	11,759	19,353		7,594		7,594
Transportation	27,292		22,035	(5,257)		(5,257)
Capital Outlay	429,756			(429,756)		(429,756)
Debt Service:						
Principal Retirement	30,451			(30,451)		(30,451)
Interest and Fiscal Charges	584			(584)		(584)
Total Governmental Activities	699,893	219,786	25,975	(454,132)	0	(454,132)
Business Type Activities						
Water Operating	45,730	63,172			17,442	17,442
Sewer Operating	16,929	54,549			37,620	37,620
Guarantee Deposits/Sewer & Water	118	900			782	782
Waste Water Treatment	98,758	110,354			11,596	11,596
Total Business Type Activities	161,535	228,975	0	0	67,440	67,440
Total Primary Government	\$ 861,428	\$ 448,761	\$ 25,975	(454,132)	67,440	(386,692)
General Cash Receipts						
Property Taxes				43,761		43,761
Grants and Entitlements not Restricted to Specific Programs				18,382		18,382
Other Debt Proceeds				429,756		429,756
Earnings on Investments				1,177		1,177
Miscellaneous				22,299		22,299
Total General Cash Receipts				515,375	0	515,375
Change in Net Position				61,243	67,440	128,683
Net Position Beginning of Year				173,069	535,848	708,917
Net Position End of Year				\$ 234,312	\$ 603,288	\$ 837,600

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES -
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General Fund</u>	<u>Fire Department Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 69,172	\$ 125,106	\$ 40,034	\$ 234,312
Total Assets	<u>69,172</u>	<u>125,106</u>	<u>40,034</u>	<u>234,312</u>
Fund Cash Balance, December 31				
Restricted		125,106	40,034	165,140
Assigned	31,867			31,867
Unassigned (Deficit)	37,305			37,305
Fund Cash Balance, December 31	<u>\$ 69,172</u>	<u>\$ 125,106</u>	<u>\$ 40,034</u>	<u>\$ 234,312</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$ 43,761	\$		\$ 43,761
Intergovernmental	16,014	3,940	24,403	44,357
Charges for Services	19,393	185,500		204,893
Fines, Licenses and Permits	14,517		376	14,893
Earnings on Investments	1,119		58	1,177
Miscellaneous	21,271	1,028		22,299
Total Receipts	116,075	190,468	24,837	331,380
Disbursements				
Current:				
General Government	33,824			33,824
Security of Persons and Property	75,089	91,138		166,227
Basic Utility Services	11,759			11,759
Transportation			27,292	27,292
Capital Outlay		429,756		429,756
Debt Service:				
Principal Retirement		30,451		30,451
Interest and Fiscal Charges		584		584
Total Disbursements	120,672	551,929	27,292	699,893
Excess of Receipts Over (Under) Disbursements	(4,597)	(361,461)	(2,455)	(368,513)
Other Financing Sources (Uses)				
Other Debt Proceeds		429,756	0	429,756
Total Other Financing Sources (Uses)	0	429,756	0	429,756
Net Change in Fund Balances	(4,597)	68,295	(2,455)	61,243
Fund Balances Beginning of Year	73,769	56,811	42,489	173,069
Fund Balances End of Year	\$ 69,172	\$ 125,106	\$ 40,034	\$ 234,312

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN CASH FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS) -
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$ 46,000	\$ 43,602	\$ 43,761	\$ 159
Intergovernmental	8,518	15,598	16,015	417
Charges for Services	15,400	19,040	19,393	353
Fines, Licenses and Permits	1,000	14,000	14,517	517
Earnings on Investments	650	650	1,118	468
Miscellaneous		21,000	21,271	271
Total Receipts	71,568	113,890	116,075	2,185
Disbursements				
Current:				
Security of Persons and Property	53,080	95,156	75,089	20,067
Leisure Time Activities	10,000	4,700		4,700
Community Environment	1,400	1,060		1,060
Basic Utility Services	12,900	12,900	11,759	1,141
General Government	38,365	41,929	33,824	8,105
Total Disbursements	115,745	155,745	120,672	35,073
Excess of Receipts Over (Under) Disbursements	(44,177)	(41,855)	(4,597)	37,258
Other Financing Sources (Uses)				
Transfers Out	(10,000)			0
Total Other Financing Sources (Uses)	(10,000)	0	0	0
Net Change in Fund Balance	(54,177)	(41,855)	(4,597)	37,258
Unencumbered Cash Balance Beginning of Year	73,769	73,769	73,769	0
Unencumbered Cash Balance End of Year	\$ 19,592	\$ 31,914	\$ 69,172	\$ 37,258

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN CASH FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS) -
FIRE DEPARTMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 117,000	\$	\$ 3,940	\$ 3,940
Charges for Services		175,000	185,500	10,500
Miscellaneous			1,028	1,028
Total Receipts	<u>117,000</u>	<u>175,000</u>	<u>190,468</u>	<u>15,468</u>
Disbursements				
Current:				
Security of Persons and Property	77,100	131,667	91,138	40,529
Capital Outlay		429,756	429,756	
Debt Service:				
Principal Retirement	30,000	30,451	30,451	0
Interest and Fiscal Charges	4,000	1,982	584	1,398
Total Disbursements	<u>111,100</u>	<u>593,856</u>	<u>551,929</u>	<u>41,927</u>
Excess of Receipts Over (Under) Disbursements	<u>5,900</u>	<u>(418,856)</u>	<u>(361,461)</u>	<u>57,395</u>
Other Financing Sources (Uses)				
Other Debt Proceeds		429,756	429,756	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>429,756</u>	<u>429,756</u>	<u>0</u>
Net Change in Fund Balance	5,900	10,900	68,295	57,395
Unencumbered Cash Balance Beginning of Year	56,811	56,811	56,811	0
Unencumbered Cash Balance End of Year	<u>\$ 62,711</u>	<u>\$ 67,711</u>	<u>\$ 125,106</u>	<u>\$ 57,395</u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE
HOCKING COUNTY

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2012

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Waste Water Treatment</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 72,299	\$ 142,216	\$ 374,465	\$ 14,308	\$ 603,288
<i>Total Assets</i>	<u>72,299</u>	<u>142,216</u>	<u>374,465</u>	<u>14,308</u>	<u>603,288</u>
Net Position					
Unrestricted	72,299	142,216	374,465	14,308	603,288
Total Net Position	<u>\$ 72,299</u>	<u>\$ 142,216</u>	<u>\$ 374,465</u>	<u>\$ 14,308</u>	<u>\$ 603,288</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Water Operating	Sewer Operating	Waste Water Treatment	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts					
Charges for Services	\$ 63,172	\$ 54,549	\$ 110,354	\$ 900	\$ 228,975
<i>Total Operating Receipts</i>	<u>63,172</u>	<u>54,549</u>	<u>110,354</u>	<u>900</u>	<u>228,975</u>
Operating Disbursements					
Personal Services	8,251	4,872	17,300		30,423
Employee Fringe Benefits	1,345	2,783	13,916		18,044
Contractual Services	23,544	7,157	53,209		83,910
Supplies and Materials	12,590	2,117	14,333		29,040
Other				118	118
<i>Total Operating Disbursements</i>	<u>45,730</u>	<u>16,929</u>	<u>98,758</u>	<u>118</u>	<u>161,535</u>
Operating Income (Loss)	<u>17,442</u>	<u>37,620</u>	<u>11,596</u>	<u>782</u>	<u>67,440</u>
Net Position Beginning of Year	<u>54,857</u>	<u>104,596</u>	<u>362,869</u>	<u>13,526</u>	<u>535,848</u>
Net Position End of Year	<u><u>\$ 72,299</u></u>	<u><u>\$ 142,216</u></u>	<u><u>\$ 374,465</u></u>	<u><u>\$ 14,308</u></u>	<u><u>\$ 603,288</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF LAURELVILLE
HOCKING COUNTY

STATEMENT OF NET POSITION - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2012

	Agency Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,954
Total Assets	<u>4,954</u>
Liabilities	
Due to Other Governments	<u>4,954</u>
Total Net Position	<u>\$ 4,954</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, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Laurelville, Hocking County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. 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.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. 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 Government Accounting Standards Village (GASB) pronouncements. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures are due to encumbrances outstanding at the beginning and end of the year.

Basis of Presentation – The Village's basic financial statements consist of government-wide statements including a statement of net position and a statement of activities, and governmental financial statements providing more detailed financial information.

Government-wide Financial Statements – The statement of net position 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 activities. 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 position presents the financial condition of the governmental activities of the Village at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Village.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

Fund Financial Statements – 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 report detailed information about the Village. 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.

C. 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 reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance.

The following are the Village's major governmental funds:

General Fund – The General Fund is the operating fund of the Village and is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The proprietary fund focus is on the determination of the change in net position, 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.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

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.

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.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Village must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end. 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.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over.

E. 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.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Accumulated Leave

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

H. Cash

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".

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 2013 was \$1,009. Interest receipts credited to the General Fund during 2012 was \$1,119.

I. 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.

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 6 and 7, the employer contributions include portions for pension benefits and for postretirement healthcare 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 Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of the these resources. Fund balances of the governmental funds are classified as follows:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. 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.

3. 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;

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

3. DEPOSITS AND INVESTMENTS (Continued)

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) above 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 of qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: 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.

The carrying amount of deposits at December 31 was as follows:

	2013	2012
Demand deposits	\$906,064	\$837,600

4. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2013 and 2012 for real and public utility property taxes represents collections of 2012 and 2011 taxes.

2011 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012. Also, 2012 real property taxes are collected in and intended to finance 2013. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

4. PROPERTY TAXES (Continued)

Public utilities are also taxed on personal and real property located within the Village.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

5. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

6. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension 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% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of 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 pension 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 pension 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 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or 800-222-7377.

For the year ended December 31, 2013, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 12.6 percent of their annual covered salary. The Village's contribution rate for pension benefits for 2013 was 14 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.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

For the year ended December 31, 2012, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 12.1 percent of their annual covered salary. The Village's contribution rate for pension benefits for 2013 was 14 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.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$11,463, \$9,233, and \$11,406, respectively. The full amount has been contributed for 2013, 2012, and 2011.

7. POST EMPLOYMENT 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 pension or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) 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 2013 local government employer contribution rate was 14 percent of covered payroll from January 1 through December 31, 2013, 5.53 percent of covered payroll was the portion that was used to fund health care.

On September 9, 2004, the OPERS Retirement Village adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2007, and increased again on January 1, 2008, which will allow additional funds to be allocated to the health care plan.

8. DEBT

The Village's long-term debt activity for the year ended December 31, 2013, was as follows:

	Interest Rate	Amount Balance at 12/31/12	Additions	Deletions	Amount Outstanding 12/31/13
Governmental Activities:					
Station #4 Construction	3.0%		\$70,000		\$70,000
2012 Fire Truck Loan (4 Door)	3.0%	\$228,954		\$29,862	199,092
2012 Fire Truck Loan (2 Door)	3.5%	200,802		30,642	170,160
		<u>\$429,756</u>	<u>\$70,000</u>	<u>\$60,504</u>	<u>\$439,252</u>

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

8. DEBT (Continued)

The Village's long-term debt activity for the year ended December 31, 2012, was as follows:

	Interest Rate	Amount Balance at 12/31/12	Additions	Deletions	Amount Outstanding 12/31/13
Governmental Activities:					
2006 Fire Truck Loan	4.8%	\$30,535		\$30,535	
2012 Fire Truck Loan (4 Door)	3.0%		\$228,954		\$228,954
2012 Fire Truck Loan (2 Door)	3.5%		200,802		200,802
		<u>\$30,535</u>	<u>\$429,756</u>	<u>\$30,535</u>	<u>\$429,756</u>

The loans are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Village's future annual debt service requirements:

Year	Fire Truck Loan (4 Door)		Fire Truck Loan (2 Door)		Station #4	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$30,764	\$6,013	\$31,721	\$5,990	\$22,647	\$2,100
2015	31,693	5,084	32,838	4,873	23,327	1,421
2016	32,650	4,126	33,983	3,727	24,026	723
2017	33,636	3,140	35,190	2,521		
2018	34,651	2,125	36,428	1,282		
2019	35,698	1,078				
Total	<u>\$199,092</u>	<u>\$21,566</u>	<u>\$170,160</u>	<u>\$18,393</u>	<u>\$70,000</u>	<u>\$4,244</u>

9. FUND CASH BALANCES

As of December 31, 2013, fund balances are composed of the following:

	General Fund	Fire Department Fund	All Other Governmental Funds	Total Governmental Funds
Restricted:				
Security of Persons and Property		\$139,515		\$139,515
Transportation			\$21,473	21,473
Assigned	\$39,855			39,855
Unassigned	5,796			5,796
Total	<u>\$45,651</u>	<u>\$139,515</u>	<u>\$21,473</u>	<u>\$206,639</u>

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

9. FUND CASH BALANCES (Continued)

As of December 31, 2012, fund balances are composed of the following:

	General Fund	Fire Department Fund	All Other Governmental Funds	Total Governmental Funds
Restricted:				
Security of Persons and Property		\$125,106		\$125,106
Transportation			\$40,034	40,034
Assigned	\$31,867			31,867
Unassigned	37,305			37,305
Total	<u>\$69,172</u>	<u>\$125,106</u>	<u>\$40,034</u>	<u>\$234,312</u>

10. SUBSEQUENT EVENTS

On April 17, a Hocking County Grand Jury indicted former Village of Laurelville Police Chief James E. Taylor of 13 counts of unauthorized use of property and one count of grand theft of a motor vehicle. The charges also say he misused Ohio Law Enforcement Gateway to obtain information on individuals for purposes unrelated to law enforcement. On April 17, a Hocking County Grand Jury also indicted former Village of Laurelville acting Police Chief Frank Diamond of one count of receiving stolen property. He is accused of receiving a 2001 Ford Crown Victoria that was obtained through theft. As of August 28, 2014, the date of this report, no further action has been taken.

11. RELATED PARTY TRANSACTIONS

The Chief of Police owns American Pursuit and Performance, a car dealership from which the Village purchased two vehicles in 2012, totaling \$21,815.

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Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Laurelville, Hocking County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 28, 2014, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We did not express an opinion on the Fiduciary Fund Type. We also qualified our opinion on charges for services in the Governmental Activities for the year ended December 31, 2012 and on fines, licenses and permits receipts in the General Fund for the years ended December 31, 2013 and 2012.

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 opinion 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2013-001.

Entity's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response 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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

August 28, 2014

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

10 percent of the transactions tested for 2012 and 18 percent of the transactions tested for 2013 were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**VILLAGE OF LAURELVILLE
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-001 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)

We recommend the Fiscal Officer certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires authorizing disbursements.

Official's Response: The Village will take the necessary steps to correct the issue.



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
SEPTEMBER 18, 2014**