



Mary Taylor, CPA
Auditor of State

VILLAGE OF LARUE
MARION COUNTY

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MARION COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of LaRue
Marion County
P.O. Box 33
LaRue, Ohio 43332

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaRue, Marion County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaRue, Marion County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Street Maintenance, Construction and Repair, and Park Funds thereof for the years then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 18, 2010

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$46,901	\$139,628	\$186,529
<i>Total Assets</i>	<u>46,901</u>	<u>139,628</u>	<u>186,529</u>
Net Assets			
Restricted for:			
Other Purposes	18,575	0	18,575
Unrestricted	<u>28,326</u>	<u>139,628</u>	<u>167,954</u>
<i>Total Net Assets</i>	<u>\$46,901</u>	<u>\$139,628</u>	<u>\$186,529</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
General Government	\$46,109	\$7,856	\$0
Security of Persons and Property	30,144	0	0
Public Health Services	3,658	0	0
Leisure Time Activities	47,021	15,325	12,701
Transportation	75,111	0	41,125
Debt Service:			
Principal Retirement	22,418	0	0
Interest and Fiscal Charges	951	0	0
Other	11,220	0	0
<i>Total Governmental Activities</i>	<u>236,632</u>	<u>23,181</u>	<u>53,826</u>
Business Type Activities			
Water	126,619	98,135	0
Sewer	125,248	138,220	0
Other Enterprise	580	1,185	0
<i>Total Business Type Activities</i>	<u>252,447</u>	<u>237,540</u>	<u>0</u>
Total	<u><u>\$489,079</u></u>	<u><u>\$260,721</u></u>	<u><u>53,826</u></u>

General Receipts

Property Taxes Levied for General Purposes
Property Taxes Levied for Parks
Grants and Entitlements not Restricted
to Specific Programs
Proceeds of Loan
Interest
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$38,253)	\$0	(\$38,253)
(30,144)	0	(30,144)
(3,658)	0	(3,658)
(18,995)	0	(18,995)
(33,986)	0	(33,986)
(22,418)	0	(22,418)
(951)	0	(951)
(11,220)	0	(11,220)
(159,625)	0	(159,625)
0	(28,484)	(28,484)
0	12,972	12,972
0	605	605
0	(14,907)	(14,907)
(159,625)	(14,907)	(174,532)
71,158	0	71,158
7,880	0	7,880
40,598	0	40,598
0	38,603	38,603
1,665	0	1,665
16,198	0	16,198
137,499	38,603	176,102
(22,126)	23,696	1,570
69,027	115,932	184,959
\$46,901	\$139,628	\$186,529

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	General	Street Construction, Maintenance and Repair Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$28,326	\$8,451	\$5,482	\$4,642	\$46,901
<i>Total Assets</i>	<u>28,326</u>	<u>8,451</u>	<u>5,482</u>	<u>4,642</u>	<u>46,901</u>
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	28,326	0	0	0	28,326
Special Revenue Funds	<u>0</u>	<u>8,451</u>	<u>5,482</u>	<u>4,642</u>	<u>18,575</u>
<i>Total Fund Balances</i>	<u>\$28,326</u>	<u>\$8,451</u>	<u>\$5,482</u>	<u>\$4,642</u>	<u>\$46,901</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	Street Construction, Maintenance and Repair Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$71,158	\$0	\$7,880	\$0	\$79,038
Charges for Services	782	0	15,325	0	16,107
Fines, Licenses and Permits	7,074	0	0	0	7,074
Intergovernmental	39,063	38,007	14,236	3,118	94,424
Interest	1,435	198	0	32	1,665
Miscellaneous	4,978	0	0	0	4,978
<i>Total Receipts</i>	<u>124,490</u>	<u>38,205</u>	<u>37,441</u>	<u>3,150</u>	<u>203,286</u>
Disbursements					
Current:					
General Government	46,109	0	0	0	46,109
Security of Persons and Property	30,144	0	0	0	30,144
Public Health Services	3,658	0	0	0	3,658
Leisure Time Activities	27,080	0	19,941	0	47,021
Transportation	21,763	51,115	0	2,233	75,111
Debt Service:					
Principal Retirement	7,717	0	14,701	0	22,418
Interest and Fiscal Charges	951	0	0	0	951
<i>Total Disbursements</i>	<u>137,422</u>	<u>51,115</u>	<u>34,642</u>	<u>2,233</u>	<u>225,412</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,932)</u>	<u>(12,910)</u>	<u>2,799</u>	<u>917</u>	<u>(22,126)</u>
Other Financing Sources (Uses)					
Other Financing Sources	0	0	0	11,220	11,220
Other Financing (Uses)	0	0	0	(11,220)	(11,220)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(12,932)</u>	<u>(12,910)</u>	<u>2,799</u>	<u>917</u>	<u>(22,126)</u>
<i>Fund Balances Beginning of Year</i>	<u>41,258</u>	<u>21,361</u>	<u>2,683</u>	<u>3,725</u>	<u>69,027</u>
<i>Fund Balances End of Year</i>	<u><u>\$28,326</u></u>	<u><u>\$8,451</u></u>	<u><u>\$5,482</u></u>	<u><u>\$4,642</u></u>	<u><u>\$46,901</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$71,749	\$71,749	\$71,158	(\$591)
Charges for Service	6,000	6,000	782	(5,218)
Fines, Licenses and Permits	14,768	14,768	7,074	(7,694)
Intergovernmental	31,031	31,031	39,063	8,032
Interest	1,000	1,000	1,435	435
Miscellaneous	600	600	4,978	4,378
<i>Total receipts</i>	<u>125,149</u>	<u>125,149</u>	<u>124,490</u>	<u>(659)</u>
Disbursements				
Current:				
General Government	49,149	49,149	46,109	3,040
Security of Persons and Property	26,000	26,000	30,144	(4,144)
Public Health Services	1,000	1,000	3,658	(2,658)
Leisure Time Activities	20,000	20,000	27,080	(7,080)
Transportation	29,000	29,000	21,763	7,237
Debt Service:				
Principal Retirement	0	0	7,717	(7,717)
Interest and Fiscal Charges	0	0	951	(951)
<i>Total Disbursements</i>	<u>125,149</u>	<u>125,149</u>	<u>137,422</u>	<u>(12,273)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>0</u>	<u>(12,932)</u>	<u>(12,932)</u>
<i>Fund Balance Beginning of Year</i>	<u>41,258</u>	<u>41,258</u>	<u>41,258</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$41,258</u></u>	<u><u>\$41,258</u></u>	<u><u>\$28,326</u></u>	<u><u>(\$12,932)</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	58,825	58,825	38,007	(20,818)
Interest	500	500	198	(302)
<i>Total receipts</i>	<u>59,325</u>	<u>59,325</u>	<u>38,205</u>	<u>(21,120)</u>
Disbursements				
Transportation	59,326	59,326	51,115	8,211
<i>Total Disbursements</i>	<u>59,326</u>	<u>59,326</u>	<u>51,115</u>	<u>8,211</u>
<i>Net Change in Fund Balance</i>	(1)	(1)	(12,910)	(12,909)
<i>Fund Balance Beginning of Year</i>	<u>21,361</u>	<u>21,361</u>	<u>21,361</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$21,360</u></u>	<u><u>\$21,360</u></u>	<u><u>\$8,451</u></u>	<u><u>(\$12,909)</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PARK FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$9,413	\$9,413	\$7,880	(\$1,533)
Charges for Services	13,065	13,065	15,325	2,260
Intergovernmental	0	0	14,236	14,236
<i>Total receipts</i>	<u>22,478</u>	<u>22,478</u>	<u>37,441</u>	<u>14,963</u>
Disbursements				
Leisure Time Activities	22,478	22,478	19,941	2,537
Debt Service:				
Principal Retirement	0	0	14,701	(14,701)
<i>Total Disbursements</i>	<u>22,478</u>	<u>22,478</u>	<u>34,642</u>	<u>(12,164)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>0</u>	<u>2,799</u>	<u>2,799</u>
<i>Fund Balance Beginning of Year</i>	<u>2,683</u>	<u>2,683</u>	<u>2,683</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,683</u></u>	<u><u>\$2,683</u></u>	<u><u>\$5,482</u></u>	<u><u>\$2,799</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2009**

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Other Enterprise Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$27,564	\$107,364	\$4,700	\$139,628
<i>Total Assets</i>	<u>27,564</u>	<u>107,364</u>	<u>4,700</u>	<u>139,628</u>
Net Assets				
Unrestricted	27,564	107,364	4,700	139,628
<i>Total Net Assets</i>	<u>\$27,564</u>	<u>\$107,364</u>	<u>\$4,700</u>	<u>\$139,628</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Other Enterprise Fund	
Operating Receipts				
Charges for Services	\$98,135	\$138,220	\$1,185	\$237,540
Operating Disbursements				
Personal Services	13,092	6,410	0	19,502
Employee Fringe Benefits	3,073	2,402	0	5,475
Contractual Services	58,829	19,441	580	78,850
Materials and Supplies	51,102	411	0	51,513
Other	523	461	0	984
<i>Total Operating Disbursements</i>	<u>126,619</u>	<u>29,125</u>	<u>580</u>	<u>156,324</u>
<i>Operating Income (Loss)</i>	<u>(28,484)</u>	<u>109,095</u>	<u>605</u>	<u>81,216</u>
Non-Operating Receipts (Disbursements)				
Debt Proceeds	38,603	0	0	38,603
Principal Payments	0	(28,000)	0	(28,000)
Interest and Fiscal Charges	0	(68,123)	0	(68,123)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>38,603</u>	<u>(96,123)</u>	<u>0</u>	<u>(57,520)</u>
<i>Change in Net Assets</i>	10,119	12,972	605	23,696
<i>Net Assets Beginning of Year</i>	<u>17,445</u>	<u>94,392</u>	<u>4,095</u>	<u>115,932</u>
<i>Net Assets End of Year</i>	<u><u>\$27,564</u></u>	<u><u>\$107,364</u></u>	<u><u>\$4,700</u></u>	<u><u>\$139,628</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$69,027	\$115,932	\$184,959
<i>Total Assets</i>	<u>69,027</u>	<u>115,932</u>	<u>184,959</u>
Net Assets			
Restricted for:			
Other Purposes	27,769	0	27,769
Unrestricted	<u>41,258</u>	<u>115,932</u>	<u>157,190</u>
<i>Total Net Assets</i>	<u>\$69,027</u>	<u>\$115,932</u>	<u>\$184,959</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
General Government	\$56,185	\$5,643	\$0
Security of Persons and Property	17,386	0	0
Public Health Services	2,632	0	0
Leisure Time Activities	37,900	18,648	0
Transporation	88,469	0	46,981
Debt Service:			
Principal Retirement	6,217	0	0
Interest and Fiscal Charges	2,453	0	0
<i>Total Governmental Activities</i>	<u>211,242</u>	<u>24,291</u>	<u>46,981</u>
Business Type Activities			
Water	79,406	93,000	0
Sewer	133,523	133,766	0
Other Enterprise	1,155	1,420	0
<i>Total Business Type Activities</i>	<u>214,084</u>	<u>228,186</u>	<u>0</u>
Total	<u><u>\$425,326</u></u>	<u><u>\$252,477</u></u>	<u><u>\$46,981</u></u>

General Receipts

Property Taxes Levied for General Purposes
Property Taxes Levied for Parks
Grants and Entitlements not Restricted
to Specific Programs
Interest
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$50,542)	\$0	(\$50,542)
(17,386)	0	(17,386)
(2,632)	0	(2,632)
(19,252)	0	(19,252)
(41,488)	0	(41,488)
(6,217)		(6,217)
(2,453)	0	(2,453)
<u>(139,970)</u>	<u>0</u>	<u>(139,970)</u>
0	13,594	13,594
0	243	243
0	265	265
<u>0</u>	<u>14,102</u>	<u>14,102</u>
<u>(139,970)</u>	<u>14,102</u>	<u>(125,868)</u>
69,229	0	69,229
7,531	0	7,531
46,913	0	46,913
2,850	0	2,850
7,163	0	7,163
<u>133,686</u>	<u>0</u>	<u>133,686</u>
(6,284)	14,102	7,818
<u>75,311</u>	<u>101,830</u>	<u>177,141</u>
<u>\$69,027</u>	<u>\$115,932</u>	<u>\$184,959</u>

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General	Street Construction, Maintenance and Repair Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$41,258	\$21,361	\$2,683	\$3,725	\$69,027
<i>Total Assets</i>	<u>41,258</u>	<u>21,361</u>	<u>2,683</u>	<u>3,725</u>	<u>69,027</u>
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	41,258	0	0	0	41,258
Special Revenue Funds	<u>0</u>	<u>21,361</u>	<u>2,683</u>	<u>3,725</u>	<u>27,769</u>
<i>Total Fund Balances</i>	<u>\$41,258</u>	<u>\$21,361</u>	<u>\$2,683</u>	<u>\$3,725</u>	<u>\$69,027</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Street Construction, Maintenance and Repair Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$69,229	\$0	\$7,531	\$0	\$76,760
Charges for Services	405	0	18,648	0	19,053
Fines, Licenses and Permits	5,238	0	0	0	5,238
Intergovernmental	43,967	43,793	1,525	4,609	93,894
Interest	2,286	545	0	19	2,850
Miscellaneous	7,163	0	0	0	7,163
<i>Total Receipts</i>	<u>128,288</u>	<u>44,338</u>	<u>27,704</u>	<u>4,628</u>	<u>204,958</u>
Disbursements					
Current:					
General Government	56,185	0	0	0	56,185
Security of Persons and Property	17,386	0	0	0	17,386
Public Health Services	2,632	0	0	0	2,632
Leisure Time Activities	12,296	0	25,604	0	37,900
Transportation	34,837	50,388	0	3,244	88,469
Debt Service:					
Principal Retirement	5,686	0	531	0	6,217
Interest and Fiscal Charges	2,262	0	191	0	2,453
<i>Total Disbursements</i>	<u>131,284</u>	<u>50,388</u>	<u>26,326</u>	<u>3,244</u>	<u>211,242</u>
<i>Net Change in Fund Balances</i>	(2,996)	(6,050)	1,378	1,384	(6,284)
<i>Fund Balances Beginning of Year</i>	<u>44,254</u>	<u>27,411</u>	<u>1,305</u>	<u>2,341</u>	<u>75,311</u>
<i>Fund Balances End of Year</i>	<u>\$41,258</u>	<u>\$21,361</u>	<u>\$2,683</u>	<u>\$3,725</u>	<u>\$69,027</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$68,547	\$68,547	\$69,229	\$682
Charges for Services	10,000	10,000	405	(9,595)
Fines, Licenses and Permits	11,000	11,000	5,238	(5,762)
Intergovernmental	56,453	56,453	43,967	(12,486)
Interest	1,000	1,000	2,286	1,286
Miscellaneous	8,496	8,496	7,163	(1,333)
<i>Total receipts</i>	<u>155,496</u>	<u>155,496</u>	<u>128,288</u>	<u>(27,208)</u>
Disbursements				
General Government	\$72,996	\$72,996	\$56,185	\$16,811
Security of Persons and Property	33,000	33,000	17,386	15,614
Public Health Services	1,500	1,500	2,632	(1,132)
Leisure Time Activities	20,000	20,000	12,296	7,704
Transportation	28,000	28,000	34,837	(6,837)
Debt Service:				
Principal Retirement	0	0	5,686	(5,686)
Interest and Fiscal Charges	0	0	2,262	(2,262)
<i>Total Disbursements</i>	<u>155,496</u>	<u>155,496</u>	<u>131,284</u>	<u>24,212</u>
<i>Fund Balance Beginning of Year</i>	<u>44,254</u>	<u>44,254</u>	<u>44,254</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$44,254</u></u>	<u><u>\$44,254</u></u>	<u><u>\$41,258</u></u>	<u><u>(\$2,996)</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	42,671	42,671	43,793	1,122
Interest	500	500	545	45
<i>Total receipts</i>	43,171	43,171	44,338	1,167
Disbursements				
Transportation	43,171	43,171	50,388	(7,217)
<i>Total Disbursements</i>	43,171	43,171	50,388	(7,217)
<i>Net Change in Fund Balance</i>	(0)	(0)	(6,050)	(6,050)
<i>Fund Balance Beginning of Year</i>	27,411	27,411	27,411	0
<i>Fund Balance End of Year</i>	\$27,411	\$27,411	\$21,361	(\$6,050)

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PARK FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$0	\$0	\$7,531	\$7,531
Charges for Services	30,209	30,209	18,648	(11,561)
Intergovernmental	0	0	1,525	1,525
<i>Total receipts</i>	30,209	30,209	27,704	(2,505)
Disbursements				
Leisure Time Activities	30,209	30,209	25,604	4,605
Debt Service:				
Principal Retirement	0	0	531	(531)
Interest and Fiscal Charges	0	0	191	(191)
<i>Total Disbursements</i>	30,209	30,209	26,326	4,605
<i>Net Change in Fund Balance</i>	0	0	1,378	2,100
<i>Fund Balance Beginning of Year</i>	1,305	1,305	1,305	0
<i>Fund Balance End of Year</i>	\$1,305	\$1,305	\$2,683	\$2,100

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2008**

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Other Enterprise Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$17,445	\$94,392	\$4,095	\$115,932
<i>Total Assets</i>	<u>17,445</u>	<u>94,392</u>	<u>4,095</u>	<u>115,932</u>
Net Assets				
Unrestricted	17,445	94,392	4,095	115,932
<i>Total Net Assets</i>	<u>\$17,445</u>	<u>\$94,392</u>	<u>\$4,095</u>	<u>\$115,932</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Other Enterprise Fund	
Operating Receipts				
Charges for Services	\$93,000	\$133,766	\$1,420	\$228,186
Operating Disbursements				
Personal Services	11,965	6,309	0	18,274
Employee Benefits	2,650	2,146	0	4,796
Contractual Services	33,761	18,802	1,155	53,718
Materials and Supplies	25,527	4,923	0	30,450
Other	954	268	0	1,222
<i>Total Operating Disbursements</i>	<u>74,857</u>	<u>32,448</u>	<u>1,155</u>	<u>108,460</u>
<i>Operating Income (Loss)</i>	<u>18,143</u>	<u>101,318</u>	<u>265</u>	<u>119,726</u>
Non-Operating Disbursements				
Capital Outlay	(4,549)	0	0	(4,549)
Principal Payments	0	(32,000)	0	(32,000)
Interest and Fiscal Charges	0	(69,075)	0	(69,075)
<i>Total Non-Operating Disbursements</i>	<u>(4,549)</u>	<u>(101,075)</u>	<u>0</u>	<u>(105,624)</u>
<i>Change in Net Assets</i>	13,594	243	265	14,102
<i>Net Assets Beginning of Year</i>	<u>3,851</u>	<u>94,149</u>	<u>3,830</u>	<u>101,830</u>
<i>Net Assets End of Year</i>	<u><u>\$17,445</u></u>	<u><u>\$94,392</u></u>	<u><u>\$4,095</u></u>	<u><u>\$115,932</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 1 – Reporting Entity

The Village of LaRue, Marion County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four year term, serves as president of Council and votes only to break a tie.

The reporting entity is comprised of the primary government that was included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, and park operations. The Village contracts with the Marion County Sheriff's department to provide security of persons and property.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any component units.

C. Public Entity Risk Pool

The Village participates in the Ohio Government Risk Management Plan (the "Plan") public entity risk pool. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its Members. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise 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.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

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

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has the following major governmental funds:

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax monies to construct, maintain, and repair Village streets.

Park Fund – This fund receives pool and concession fees from patrons for park operations.

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

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds- Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has the following major enterprise funds:

Water Fund – The water fund accounts for the provision of water services to the residents and commercial users within the Village.

Sewer Fund – The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursement are recorded when cash is paid rather than when a liability is incurred.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting(continued)

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

D. Budgetary Process

All 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 accounts. 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 Council may appropriate.

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

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

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

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2009 and 2008, the Village maintained interest bearing checking accounts.

Interest earnings are allocated to the Village funds according to State statutes. Interest receipts credited to the General Fund during 2009 were \$1,435 which includes \$309 assigned from other Village funds.

F. Inventory and Prepaid Items

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

G. Accumulated Leave

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

H. 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.

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

J. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities or long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for street construction, maintenance and repair and park development.

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

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Fund Balance Reserves

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

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

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/disbursement in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

Expenditures exceeded appropriations in the Street Construction, Maintenance and Repair Fund in 2008 and in the General, Park, and Water Fund in 2009, in violation of Ohio Revised Code § 5705.41(B).

Note 4 – 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 and Street Construction, Maintenance and Repair and Park Funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – 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 Council has 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.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 5 – Deposits and Investments (Continued)

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

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 one hundred five percent of the deposits being secured.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2009 and 2008 for real and public utility property taxes represents collections of the 2008 and 2007 taxes, respectively. Property tax payments received during 2009 and 2008 for tangible personal property (other than public utility property) are for 2009 and 2008 taxes, respectively.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 6 – Property Taxes (Continued)

The 2009 real property taxes are levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2008, and are collected in 2010 with real property taxes.

The 2009 tangible property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2009, was \$12.18 per \$1,000 of assessed value. The full tax rate for all Village operations for the year ended December 31, 2008, was \$12.03 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 and 2008 property tax receipts were based are as follows:

	2009	2008
Real Property	\$ 6,638,740	\$ 6,772,560
Public Utility Property	298,180	306,190
Tangible Personal Property	9,370	91,150
Total Assessed Values	\$ 6,946,290	\$ 7,169,900

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.

Note 7 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village belongs to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 7 – Risk Management (Continued)

These coverage programs, referred to as Ohio Plan Risk Management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 15 percent of the premium and losses on the first \$250,000 casualty treaty and 10 percent of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008 (latest information available). The Village participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008 (latest information available). The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available), and include amounts for both OPRM and OPHC:

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members’ Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 8 – Defined Benefit Pension Plans (Continued)

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

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

Funding Policy –The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2009 and 2008, members in state and local classifications contributed 10.0 percent of covered payroll.

The Village's contribution rate for 2009 and 2008 was 14.0 percent of covered payroll. For the period January 1 through December 31, 2009, 2008, and 2007 a portion of the Village's contribution equal to 5.5 percent, 7 percent, and 5.5 percent of covered payroll was allocated to fund the postemployment healthcare plan (First 6 months of 2007 at 5% and last 6 months of 2007 at 6% of covered payroll). Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007 were \$5,899, \$5,528, and \$2,548 respectively. The full amount has been contributed for 2009, 2008, and 2007.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description -- The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215 – 4642 or by calling (614)222-5601 or 800-222-7377.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 9 – Postemployment Benefits (Continued)

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.0 percent of covered payroll (19.5 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5.5 percent, 7 percent and 5.5 percent of covered payroll from January 1 through December 31, 2009, 2008 and 2007 respectively (First 6 months of 2007 at 5% and last 6 months of 2007 at 6% of covered payroll).

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Village’s contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008 and 2007 was \$2,317, \$2,764, and \$1,012. The full amount has been contributed for 2009, 2008, and 2007.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 10 – Debt

The Village’s long-term debt activity for the year ended December 31, 2009, was as follows:

A summary of the note transactions for the year ended December 31, 2008, follows:

		Balance			Balance	
	Interest	December 31,			December 31,	Due within
	Rate	2007	Additions	Reductions	2008	One Year
Governmental Activities						
Ball Field Loan	8.75%	\$30,656	\$0	\$6,217	\$24,439	\$22,418
Business Type Activities						
USDA Loan #1	4.50%	\$1,405,000	\$0	\$19,000	\$1,386,000	\$20,000
USDA Loan #2	3.25%	180,000	0	3,000	177,000	3,000
OPWC Loan	0%	120,000	0	10,000	110,000	5,000
Total Business Type Activities		1,705,000	0	32,000	1,673,000	28,000

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 10 – Debt (Continued)

A summary of the note transactions for the year ended December 31, 2008, follows:

	Interest	Balance			Balance	
	Rate	December 31, 2008	Additions	Reductions	December 31, 2009	Due within One Year
<u>Governmental Activities</u>						
Ball Field Loan	8.75%	\$24,439	\$0	\$22,418	\$2,021	\$2,021
<u>Business Type Activities</u>						
USDA Loan #1	4.50%	\$1,386,000	\$0	\$20,000	\$1,366,000	\$21,000
USDA Loan #2	3.25%	177,000	0	3,000	174,000	3,000
OPWC Loan	0%	110,000	0	5,000	105,000	10,000
OWDA Loan	4%	0	38,603	0	38,603	0
Total Business Type Activities		<u>1,673,000</u>	<u>38,603</u>	<u>28,000</u>	<u>1,683,603</u>	<u>34,000</u>

In 2009, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for assistance in constructing a new Water Treatment Plant, well field, and distribution systems. The total loan amount was \$558,600 with an interest rate of 4.42%. As of December 31, 2009 only \$38,603 has been disbursed to the Village. The Village is still drawing on these funds. While the first payment is due in 2011, no amortization schedule has been created.

In 2007, the Village obtained a loan from a local financial institution for the installation of a new ball field at the Village Park. The loan amount was \$35,000 with an interest rate of 8.75% to be paid in monthly installments over 5 years.

In 2000, the Village entered into two loan agreements with the United States Department of Agriculture (USDA) to pay off interim financing for the completed sewer system project. The first loan amount was \$1,491,000, with a fixed interest rate of 4.5% over 40 years. The second loan amount was \$195,000, with a fixed interest rate of 3.25% over 40 years. These loans are secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

In 2000, the Village also entered into a loan agreement with the Ohio Public Works Commission (OPWC) for assistance in replacing the Village's sewer system. The loan amount was \$195,000 with an interest rate of 0%, and will be repaid in semiannual installments of \$5,000 over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 10 – Debt (Continued)

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

Year	Ball Park Loan		USDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 2,021	\$ 29	\$ 24,000	\$ 67,125	\$ 10,000	\$ 0
2011	0	0	25,000	66,083	10,000	0
2012	0	0	27,000	64,995	10,000	0
2013	0	0	28,000	63,830	10,000	0
2014	0	0	29,000	62,620	10,000	0
2015-2019	0	0	163,000	293,240	50,000	0
2020-2024	0	0	204,000	254,340	5,000	0
2025-2029	0	0	254,000	205,893	0	0
2030-2034	0	0	313,000	145,595	0	0
2035-2039	0	0	385,000	71,255	0	0
2040	0	0	88,000	3,848	0	0
Totals	<u>\$ 2,021</u>	<u>\$ 29</u>	<u>\$1,540,000</u>	<u>\$1,298,824</u>	<u>\$105,000</u>	<u>\$ 0</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2009, were an overall debt margin of \$729,360 and an unvoted debt margin of \$382,046.

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Mary Taylor, CPA

Auditor of State

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

Village of LaRue
Marion County
P.O. Box 33
LaRue, Ohio 43332

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaRue, Marion County, Ohio (the Village) as of and for the year ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 18, 2010, wherein we noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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, providing an opinion 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-002 and 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 18, 2010.

We intend this report solely for the information and use of the finance committee, management, and Village Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 18, 2010

**VILLAGE OF LARUE
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer, Mayor, and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Sixty-one audit adjustments and reclassifications were made to the financial statements to accurately reflect receipts and expenditures. These adjustments and reclassifications ranged in dollar amounts from \$76 to \$91,123. Below are descriptions of the types of adjustments and reclassifications that needed to be posted on the Village's December 31, 2009 and 2008 financial statements.

- Misclassification of the receipts reported as program cash receipts and general receipts on the Statement of Activities.
- Improper posting of park levy property tax receipts and related disbursements in the General Fund rather than the Park Fund.
- Misclassification of redemption of principal and interest and fiscal charges as contractual services in the Sewer Fund and as leisure time activities in the General Fund and the Park Fund.
- Misclassification of personal services, employee fringe benefits supplies and material and miscellaneous disbursements as contractual services disbursements in the Water Fund and the Sewer Fund.
- Misclassification of note proceeds as capital grants and contributions in the Business Type Activities and as intergovernmental receipts in the Water Fund for 2009.
- Misclassification of motor vehicle license tax receipts as property taxes rather than intergovernmental receipts in the Street Construction, Maintenance, and Repair Fund and the Other Governmental Funds.
- Misclassification of rollback and homestead receipts from property taxes receipts to the intergovernmental receipts in the General Fund and the Park Fund.
- Improper reporting of the reimbursement of expenses paid by the General Fund from the Park Fund in 2009.
- Improper reporting of the final budgeted amounts on the Statement of Receipts Disbursement and Changes in Fund Balance-Budget and Actual- Budget Basis in the General Fund, the Street Construction, Maintenance, and Repair Fund, and the Park Fund.

The Village has posted the proposed audit fund balance adjustments to their financial statements and accounting records.

We recommend the Village implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

VILLAGE OF LARUE
MARION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)

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

FINDING NUMBER 2009-002

Material Noncompliance

Ohio Revised Code § 9.38 states that a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the Treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars.

If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such a time as the moneys are deposited.

During 2008 and 2009, the Village's daily pool receipts were not deposited to the bank by the pool manager by the business day following the day of receipt for 25 percent of receipts tested. The Council did not adopt a policy permitting the Village officials to hold monies past the next business day.

Holding significant amounts of cash increases the possibility of loss or theft, and decreases the Council's ability to ensure fiscal responsibility over Village monies.

We recommend the Fiscal Officer or a designated Village employee deposit all monies received for Village purposes immediately into the Village's designated depository or develop a policy that permits a different time period, not to exceed three business days next following the day of receipt.

FINDING NUMBER 2009-003

Material Noncompliance

Ohio Revised Code § 5705.41(B) states in part that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated against an appropriate fund. Furthermore, expenditures may not exceed appropriations at the legal level of control. The legal level of control is defined as the level in which appropriations are approved by Council.

Budgetary expenditures exceeded appropriations as follows:

Fund	Date	Appropriations	Budgetary Expenditures	Variance
Street	12/31/2008	\$43,171	\$50,388	(\$7,217)
General	12/31/2009	\$125,149	\$137,422	(\$12,273)
Park	12/31/2009	\$22,478	\$34,642	(\$12,164)
Water	12/31/2009	\$88,856	\$126,619	(\$37,763)

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources.

**VILLAGE OF LARUE
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2009-003 (Continued)

Material Noncompliance (Continued)

In order to keep expenditures within appropriated amounts, the Village may amend the annual appropriation measure by approving supplemental appropriations or by transferring appropriations from one line item to another. We recommend the Village closely monitor budget versus actual reports throughout the year to ensure expenditures do not exceed appropriations.

The Village did not respond to the findings reported above.

**VILLAGE OF LARUE
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Financial Reporting	No	Reissued as Finding 2009-001
2007-002	Ohio Revised Code §9.38-Timely Depositing	No	Reissued as Finding 2009-002



Mary Taylor, CPA
Auditor of State

VILLAGE OF LARUE

MARION 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 9, 2010**