



Mary Taylor, CPA
Auditor of State

VILLAGE OF LAURA
MIAMI COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Laura
Miami County
108 South Main Street
Laura, Ohio 45337

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 23, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Laura
Miami County
108 South Main Street
Laura, Ohio 45337

To the Village Council:

We have audited the accompanying financial statements of the Village of Laura, Miami County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Laura, Miami County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 23, 2010

**VILLAGE OF LAURA
MIAMI COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$17,926			\$17,926
Intergovernmental	28,240	\$24,530	\$29,000	81,770
Special Assessments	284	6,639		6,923
Fines, Licenses and Permits	1,722			1,722
Miscellaneous	350	2,198		2,548
Total Cash Receipts	<u>48,522</u>	<u>33,367</u>	<u>29,000</u>	<u>110,889</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	4,000	5,994		9,994
Leisure Time Activities	1,018			1,018
Basic Utility Service	3,817			3,817
Transportation		63,891		63,891
General Government	91,534	355		91,889
Debt Service:				
Redemption of Principal		4,643		4,643
Capital Outlay			29,000	29,000
Total Cash Disbursements	<u>100,369</u>	<u>74,883</u>	<u>29,000</u>	<u>204,252</u>
Total Receipts Over/(Under) Disbursements	<u>(51,847)</u>	<u>(41,516)</u>		<u>(93,363)</u>
Other Financing (Disbursements):				
Other Financing Uses	<u>(2,661)</u>			<u>(2,661)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(54,508)	(41,516)		(96,024)
Fund Cash Balances, January 1	<u>116,368</u>	<u>162,715</u>	<u>323</u>	<u>279,406</u>
Fund Cash Balances, December 31	<u>61,860</u>	<u>121,199</u>	<u>323</u>	<u>183,382</u>
Reserve for Encumbrances, December 31	<u>\$6,005</u>	<u>\$35,982</u>	<u>\$0</u>	<u>\$41,987</u>

The notes to the financial statements are an integral part of this statement.

**VLLAGE OF LAURA
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$150,653
Total Operating Cash Receipts	150,653
Operating Cash Disbursements:	
Personal Services	23,037
Employee Fringe Benefits	3,677
Contractual Services	137,770
Supplies and Materials	4,082
Other	10,878
Total Operating Cash Disbursements	179,444
Operating Income/(Loss)	(28,791)
Non-Operating Cash Receipts:	
Special Assessments	765
Other Debt Proceeds	98,550
Total Non-Operating Cash Receipts	99,315
Non-Operating Cash Disbursements:	
Capital Outlay	9,146
Redemption of Principal	33,966
Interest and Other Fiscal Charges	28,559
Total Non-Operating Cash Disbursements	71,671
Excess of Receipts Over/(Under) Disbursements	(1,147)
Fund Cash Balances, January 1	114,659
Fund Cash Balances, December 31	113,512
Reserve for Encumbrances, December 31	\$0

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF LAURA
MIAMI COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$18,328			\$18,328
Intergovernmental	99,095	\$24,677		123,772
Special Assessments	132	7,991		8,123
Fines, Licenses and Permits	1,561			1,561
Miscellaneous	1,154			1,154
Total Cash Receipts	<u>120,270</u>	<u>32,668</u>		<u>152,938</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	4,000	5,994		9,994
Leisure Time Activities	1,443			1,443
Basic Utility Service	3,290			3,290
Transportation	17,800	22,789		40,589
General Government	29,104	317		29,421
Debt Service:				
Redemption of Principal		4,643		4,643
Total Cash Disbursements	<u>55,637</u>	<u>33,743</u>		<u>89,380</u>
Total Receipts Over/(Under) Disbursements	<u>64,633</u>	<u>(1,075)</u>		<u>63,558</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		72		72
Transfers-out	(72)			(72)
Other Financing Uses	(520)			(520)
Total Other Financing Receipts/(Disbursements)	<u>(592)</u>	<u>72</u>		<u>(520)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Receipts/(Disbursements)	<u>64,041</u>	<u>(1,003)</u>		<u>63,038</u>
Fund Cash Balances, January 1	<u>52,327</u>	<u>163,718</u>	<u>\$323</u>	<u>216,368</u>
Fund Cash Balances, December 31	<u>116,368</u>	<u>162,715</u>	<u>323</u>	<u>279,406</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$200</u>	<u>\$0</u>	<u>\$200</u>

The notes to the financial statements are an integral part of this statement.

**VLLAGE OF LAURA
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$150,584
Total Operating Cash Receipts	150,584
Operating Cash Disbursements:	
Personal Services	23,550
Employee Fringe Benefits	4,062
Contractual Services	57,674
Supplies and Materials	4,562
Other	10,060
Total Operating Cash Disbursements	99,908
Operating Income/(Loss)	50,676
Non-Operating Cash Receipts:	
Special Assessments	5,049
Miscellaneous Receipts	1,640
Total Non-Operating Cash Receipts	6,689
Non-Operating Cash Disbursements:	
Capital Outlay	30,211
Redemption of Principal	33,580
Interest and Other Fiscal Charges	28,802
Total Non-Operating Cash Disbursements	92,593
Excess of Receipts Over/(Under) Disbursements	(35,228)
Fund Cash Balances, January 1	149,887
Fund Cash Balances, December 31	114,659
Reserve for Encumbrances, December 31	\$2,935

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF LAURA
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Laura, Miami County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, and contracts with the Miami County Sheriff's department to provide security of persons and property. The Village contracts with Laura Volunteer Fire Company to receive fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

State Highway Fund -This fund receives seven and one-half percent of the gasoline and motor vehicle taxes received for use in constructing, maintaining, and repairing state highways within the Village.

**VILLAGE OF LAURA
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Light Fund -This fund receives proceeds of special assessments from Village property owners to provide street lighting.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

CDBG Pike Street Storm Grant Fund – The fund receives proceeds of Community Development Block Grant Monies. The proceeds are being used for repairs to the Sewer System.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Water Reserve Fund – This fund receives fees from residents towards the upkeep, repair, and improvement of the Village's water system and to be used in the case of an emergency which involves the Village's water system.

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

Sewer Reserve Fund – This fund receives fees from residents towards the upkeep, repair, and improvement of the Village's sewer system and to be used in the case of an emergency which involves the Village's sewer system.

OWDA Water Main Replacement Fund – This fund received money from the Ohio Water Development Authority to repay the water main loan.

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF LAURA
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2009	2008
Demand deposits	\$296,894	\$394,065

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 are as follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 48,522	\$ 48,522	\$0
Special Revenue	33,367	33,367	0
Capital Projects	29,000	29,000	0
Enterprise	249,968	249,968	0
Total	\$360,857	\$360,857	\$0

**VILLAGE OF LAURA
MIAMI COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,817	\$109,035	\$ 52,782
Special Revenue	134,330	110,865	23,465
Capital Projects	29,323	29,000	323
Enterprise	338,980	251,115	87,865
Total	<u>\$664,450</u>	<u>\$500,015</u>	<u>\$164,435</u>

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$120,270	\$120,270	\$0
Special Revenue	32,740	32,740	0
Enterprise	157,273	157,273	0
Total	<u>\$310,283</u>	<u>\$310,283</u>	<u>\$0</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,960	\$ 56,229	\$ 90,731
Special Revenue	119,354	33,943	85,411
Enterprise	252,618	195,436	57,182
Total	<u>\$518,932</u>	<u>\$285,608</u>	<u>\$233,324</u>

Contrary to Ohio law, the Village did not routinely certify the availability of funds prior to obligation.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF LAURA
MIAMI COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2009 as follows:

	Principal	Interest Rate
Ohio Public Works Commission	\$ 65,014	0%
Ohio Water Development Authority Loan #1	317,179	7.50%
Ohio Water Development Authority Loan #2	98,550	3.42%
Huntington Bank Note	49,887	4.15%
Total	\$530,630	

The Ohio Public Works Commission (OPWC) loan relates to a reconstruction project for S. Main Street. The loan will be repaid in semiannual installments of \$2,322 with no interest over the next 15 years. This loan is supported by the full faith and credit of the Village and is payable from un-voted property tax receipts to the extent that other resources are not available to meet annual principal payments.

The Ohio Water Development Authority (OWDA) loan #1 relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$28,437 including interest, over the next 9 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #2 relates to a replacement of a water main in the Village of Laura. The OWDA approved up to \$190,825 in loans to the Village for this project. As of December 31, 2009, the Village has only received \$98,550 of the loan amount. The loan will be repaid in semiannual installments of \$5,111 including interest, over the next 30 years. The scheduled payment amount below assumes that \$190,825 will be borrowed. The Village has agreed to increase water rates \$6 per month starting in January 2010 to repay this loan.

The Huntington National Bank Note relates to the back-up well project. The loan will be repaid in semi-annual installments of \$3,696 including interest over the next 8 years. This loan is supported by the full faith and credit of the Village and is payable from un-voted property tax receipts to the extent that other resources are not available to meet annual principal payments.

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

Year ending December 31:	OWDA Sewer Loan	OWDA Water Main Loan	OPWC Street Loan	Huntington Bank Note	Total
2010	\$ 56,873	\$ 10,222	\$ 4,644	\$ 7,391	\$ 79,130
2011	56,873	10,222	4,644	7,392	79,131
2012	56,873	10,222	4,644	7,391	79,130
2013	56,873	10,222	4,644	7,392	79,131
2014	56,873	10,222	4,644	7,391	79,130
2015-2019	142,183	51,110	23,219	22,174	238,686
2020-2024		51,110	18,575		69,685
2025-2029		51,110			51,110
2030-2034		51,110			51,110
2035-2039		51,110			51,110
Total	\$426,548	\$306,660	\$65,014	\$59,131	\$857,353

VILLAGE OF LAURA
MIAMI COUNTY

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

6. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes the contribution rates as follows:

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
PERS – Local	2008	10%	14%
PERS – Local	2009	10%	14%

The Village has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



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 Laura
Miami County
108 South Main Street
Laura, Ohio 45337

To the Village Council:

We have audited the financial statements of the Village of Laura, Miami County (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 23, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also 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 opinion 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 preceding paragraph 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 2009-002 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 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 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 23, 2010.

We intend this report solely for the information and use of management, Village Council, and others within the Village. 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

June 23, 2010

VILLAGE OF LAURA
MIAMI COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Noncompliance

Ohio Rev. Code 5705.41(D) 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 sections 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 Village.

2. **Blanket certificate** - Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by members of the legislative authority against any specific line item account over a period not running beyond the current 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 one line item appropriation.

The Village had 10 of 54 (18.5%) items tested and 8 of 43 (18.6%) items tested during 2009 and 2008, respectively, where it did not properly certify the availability of funds and the aforementioned exceptions were not properly utilized. The failure to properly certify the availability of funds can result in overspending and negative cash fund balances and as such represents a lack of controls in the disbursement process.

**Finding 2009-001
(Continued)**

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 Village Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village fiscal officer certify purchase to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language required to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirement of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Finding Number 2009-002

Material Weakness

Revenue Posting

Throughout the audit period there were numerous errors in the recording of property tax revenue, intergovernmental revenue, special assessments, charges for services, miscellaneous revenue, and other debt proceeds. The following errors resulted in material misstatement of the revenue as reported in the Village's financial statement by the Fiscal Officer.

- Intergovernmental revenue was posted as taxes in the amounts of \$967 and \$962 in 2009 and 2008, respectively;
- Water and Sewer Reserve Fund revenue collections were posted as special assessments in the amounts of \$7,620 and \$7,143 in 2009 and 2008; respectively, and should have been posted as charges for services;
- Miscellaneous revenue was posted as special assessments in the amount of \$1,590 in 2008;
- Other debt proceeds were posted as intergovernmental revenue in the amount of \$98,550 in 2009;
- Other financing sources were posted as miscellaneous revenue in the amount of \$2,198 in 2009.

To improve the accuracy and completeness of the Village's financial statements and provide comparable financial statements from year to year, the receipt posting should be performed consistently with the instructions contained in the Village Officer's Handbook and the Uniform Accounting Network (UAN) Chart of Accounts. Policies and procedures should be developed and implemented to verify that all receipts are posted and roll up to correct line items on the financial statements.

The accompanying combined financial statements contain the adjustments for charges for services and other debt proceeds revenue to accurately record the items mentioned above.

Officials Response:

We did not receive a response to the above findings.

**VILLAGE OF LAURA
MIAMI 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	ORC 5705.41(D) – Failure to properly certify the availability of funds	No	Not Corrected - repeated as finding 2009-001
2007-002	Classification of Expenditures and Reserve for Encumbrances – Expenditures improperly classified. Reserve for encumbrances mistated	No	Reported in a separate letter to management of the Village.
2007-003	Revenue Posting – Revenues improperly classified.	No	Not Corrected - repeated as finding 2009-002



Mary Taylor, CPA
Auditor of State

VILLAGE OF LAURA

MIAMI 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
AUGUST 19, 2010**