

VILLAGE OF LARUE
MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002



**Auditor of State
Betty Montgomery**

Village Council
Village of Larue
P.O. Box 33
Larue, OH 43332

We have reviewed the Independent Auditor's Report of the Village of Larue, Marion County, prepared by Holbrook & Manter, CPAs, for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 6, 2005

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Village of LaRue, Marion County, Ohio, (the Village) as of and for the year ended December 31, 2003, and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 LaRue as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

This report is intended solely for the information and use of the management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

September 15, 2004
Marion, Ohio

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MEMBERS
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CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF LARUE
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>GOVERNMENT FUND TYPES</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 44,668	\$ 0	\$ 44,668
Intergovernmental	37,765	34,349	72,114
Charges for services	6,235	15,162	21,397
Fines, licenses, and permits	7,008	0	7,008
Interest	1,764	567	2,331
Miscellaneous	7,184	4,714	11,898
	<u>104,624</u>	<u>54,792</u>	<u>159,416</u>
Total cash receipts	104,624	54,792	159,416
Cash disbursements:			
Current:			
Security of persons and property	42,653	0	42,653
Public health services	2,636	0	2,636
Leisure time activities	11,995	34,376	46,371
Transportation	49,965	34,349	84,314
General government	31,686	0	31,686
	<u>138,935</u>	<u>68,725</u>	<u>207,660</u>
Total cash disbursements	138,935	68,725	207,660
Total receipts over/(under) cash disbursements	(34,311)	(13,933)	(48,244)
Other financing receipts/(disbursements):			
Transfers - in	0	10,000	10,000
Transfers - out	(10,000)	0	(10,000)
	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total other financing receipts/(disbursements)	(10,000)	10,000	0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(44,311)	(3,933)	(48,244)
Fund cash balances, January 1, 2003	70,585	9,132	79,717
Fund cash balances, December 31, 2003	\$ 26,274	\$ 5,199	\$ 31,473
Reserve for encumbrances, December 31, 2003	\$ 100	\$ 0	\$ 100

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

VILLAGE OF LARUE
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Enterprise
Operating cash receipts:	
Charges for services	\$ 192,382
Interest	769
Miscellaneous	281
Total operating cash receipts	193,432
Operating cash disbursements:	
Personal services	41,816
Contractual services	56,127
Supplies and materials	18,363
Capital outlay	10,347
Total operating cash disbursements	126,653
Operating income	66,779
Other financing receipts/(disbursements):	
Debt service	(102,433)
Transfers - in	0
Transfers - out	0
Total other financing receipts/(disbursements):	(102,433)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(35,654)
Fund cash balances, January 1, 2003	231,443
Fund cash balances, December 31, 2003	\$ 195,789
Reserve for encumbrances, December 31, 2003	\$ 16,000

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

VILLAGE OF LARUE
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>GOVERNMENTAL FUND TYPES</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash receipts:			
Local taxes	\$ 42,945	\$ 4,681	\$ 47,626
Intergovernmental	37,682	27,656	65,338
Charges for services	5,134	17,176	22,310
Fines, licenses, and permits	6,146	0	6,146
Interest	5,631	1,637	7,268
Miscellaneous	7,746	4,446	12,192
	<u>105,284</u>	<u>55,596</u>	<u>160,880</u>
Total cash receipts	105,284	55,596	160,880
Cash disbursements:			
Current:			
Security of persons and property	36,885	0	36,885
Public health services	2,036	0	2,036
Leisure time activities	8,603	30,459	39,062
Transportation	47,443	38,016	85,459
General government	50,219	0	50,219
Capital outlay	10,000	0	10,000
	<u>155,186</u>	<u>68,475</u>	<u>223,661</u>
Total cash disbursements	155,186	68,475	223,661
Total receipts over/(under) cash disbursements	(49,902)	(12,879)	(62,781)
Other financing receipts/(disbursements):			
Transfers - in	0	7,000	7,000
Transfers - out	(7,000)	0	(7,000)
	<u>7,000</u>	<u>7,000</u>	<u>0</u>
Total other financing receipts/(disbursements)	(7,000)	7,000	0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(56,902)	(5,879)	(62,781)
Fund cash balances, January 1, 2002	132,777	15,011	147,788
Prior Period Adjustment	(5,290)	0	(5,290)
Fund cash balances, December 31, 2002	\$ <u>70,585</u>	\$ <u>9,132</u>	\$ <u>79,717</u>
Reserve for encumbrances, December 31, 2002	\$ <u>1,115</u>	\$ <u>0</u>	\$ <u>1,115</u>

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

VILLAGE OF LARUE
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Enterprise
Operating cash receipts:	
Charges for services	\$ 198,767
Interest	9,631
Miscellaneous	17,092
Total operating cash receipts	225,490
Operating cash disbursements:	
Personal services	38,892
Contractual services	47,811
Supplies and materials	21,747
Capital outlay	0
Total operating cash disbursements	108,450
Operating income	117,040
Other financing receipts/(disbursements):	
Debt service	(83,433)
Transfers - in	0
Transfers - out	0
Total other financing receipts/(disbursements):	(83,433)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	33,607
Fund cash balances, January 1, 2002	197,836
Fund cash balances, December 31, 2002	\$ 231,443
Reserve for encumbrances, December 31, 2002	\$ 7,445

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

VILLAGE OF LARUE
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** – The Village of LaRue, Marion County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected Mayor, Clerk, and six-member Council. The Village provides general governmental services, including water and sewer utilities. The Village contracts with the Marion County Sheriff's department to provide security of persons and property. The Village also receives revenues from admissions and concessions from the pool, which the Village acquired in 2000.

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

- B. **Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. 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 prescribed or permitted by the Auditor of State.

- C. **Cash and Investments** – The Village maintains its cash deposits in an interest-bearing checking account. Investments are included in fund cash balances. 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 the sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

A summary of 2003 and 2002 Equity in pooled cash and investments activity appears in Note 2.

- 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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from 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.

VILLAGE OF LARUE
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Special Revenue Funds – (continued)

State Highway Improvement Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing state highways within the Village.

Park and Recreation Fund

This fund receives grants and charges for services from pool admissions and concessions to fund operations of the Village pool. This fund also receives income tax to fund the operations of the Village park.

Enterprise Funds

These funds are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise funds:

Water Fund

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

Sewer Fund

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

E. Budgetary Process - The Ohio Revised Code requires that each fund be budgeted annually.

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.

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.

Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

VILLAGE OF LARUE
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

- F. **Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.
- G. **Unpaid Vacation** – Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment or retirement. Unpaid leave is not reflected as liabilities under the cash basis of accounting used by the Village.

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	<u>2003</u>	<u>2002</u>
Deposits:-		
Demand deposits	\$ 109,841	\$ 169,639
Certificate of deposit	<u>117,421</u>	<u>141,521</u>
Total deposits	<u>\$ 227,262</u>	<u>\$ 311,160</u>
Fund cash balances:-		
Governmental Fund Types	\$ 31,473	\$ 79,717
Enterprises	<u>195,789</u>	<u>231,443</u>
Total fund cash balances	<u>\$ 227,262</u>	<u>\$ 311,160</u>

Deposits - The Village's deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

VILLAGE OF LARUE
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 3 – BUDGETARY ACTIVITY:-

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 166,736	\$ 104,624	\$ (62,112)
Special Revenue	55,287	64,792	9,505
Debt Service	0	0	0
Capital Project	0	0	0
Enterprise	<u>409,367</u>	<u>193,432</u>	<u>(215,935)</u>
Total	<u>\$ 631,390</u>	<u>\$ 362,848</u>	<u>\$ (268,542)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 156,736	\$ 148,935	\$ 7,801
Special Revenue	65,287	68,725	(3,438)
Debt Service	0	0	0
Capital Projects	0	0	0
Enterprise	<u>409,367</u>	<u>229,086</u>	<u>180,281</u>
Total	<u>\$ 631,390</u>	<u>\$ 446,746</u>	<u>\$ 184,644</u>

VILLAGE OF LARUE
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 3 – BUDGETARY ACTIVITY:- (continued)

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 218,817	\$ 105,284	\$ (113,533)
Special Revenue	72,628	62,596	(10,032)
Debt Service	0	0	0
Capital Project	0	0	0
Enterprise	<u>380,449</u>	<u>225,490</u>	<u>(154,959)</u>
Total	<u>\$ 671,894</u>	<u>\$ 393,370</u>	<u>\$ (278,524)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 216,094	\$ 167,476	\$ 48,618
Special Revenue	72,628	68,475	4,153
Debt Service	0	0	0
Capital Projects	0	0	0
Enterprise	<u>380,449</u>	<u>191,883</u>	<u>188,566</u>
Total	<u>\$ 669,171</u>	<u>\$ 427,834</u>	<u>\$ 241,337</u>

Contrary to Ohio law, during 2003, the actual receipts exceeded the budgeted estimated resources in the Street Fund and the Park Fund by \$3,117 and \$7,452, respectively. In addition, the budgetary expenditures also exceeded appropriation authority in the Street Fund and the Park Fund during 2003 by \$1,945 and \$1,928, respectively. Throughout 2003 and 2002, the budgeted receipts and appropriation authority above were amended by the Village, but not properly submitted to the county for their approval.

VILLAGE OF LARUE
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 4 – PROPERTY TAX:-

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

Ohio tangible personal property tax is assessed to property owners, who must file a list of such property to the County by each April 30. Extension to file personal property tax returns is available through June 15 with one half of the property tax due in June and September of each year.

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

NOTE 5 - DEBT:-

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$ 160,000	0.00%
USDA Loan #1 - Sewer System	1,475,000	4.50%
USDA Loan #3 - Sewer System	<u>192,000</u>	3.25%
Total	<u>\$ 1,827,000</u>	

During 2000, the Village entered into a loan agreement with the Ohio Public Works Commission for assistance in replacing the Village's sewer system. The total loan amount was for \$195,000 with an interest rate of 0.00%, and payments are required over 20 years through January 1, 2020. As of December 31, 2003, the Village had an outstanding balance on the loan of \$160,000.

During 2000, the Village entered into two loan agreements with the United States Department of Agriculture, Rural Development, also known as USDA. These loan funds were used to pay off the interim financing for the completed sewer system project. The loan amounts were for \$1,491,000, with a fixed interest rate of 4.50%, and \$195,000, with a fixed interest rate of 3.25%. These loans require payments over 40 years through February 1, 2040. As of December 31, 2003 the Village had outstanding balances on the loans of \$1,475,000 and \$192,000, respectively. Total interest expense incurred was \$73,433 for 2003 and \$73,433 for 2002.

VILLAGE OF LARUE
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 5 – DEBT:- (continued)

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

Year ending December 31:	<u>USDA</u> <u>Loan Principal</u>	<u>USDA</u> <u>Loan Interest</u>	<u>USDA</u> <u>Loan Total</u>	<u>OPWC Loan</u>
2004	\$ 19,000	\$ 72,615	\$ 91,615	\$ 10,000
2005	20,000	71,798	91,798	10,000
2006	21,000	70,935	91,935	10,000
2007	22,000	70,028	92,028	10,000
2008	22,000	69,075	91,075	10,000
2009-2013	127,000	330,155	457,155	50,000
2014-2018	157,000	300,055	457,055	50,000
2019-2023	195,000	262,815	457,815	10,000
2024-2028	243,000	216,478	459,478	0
2029-2033	300,000	158,683	458,683	0
2034-2038	369,000	87,385	456,385	0
2039-2040	172,000	11,374	183,374	0
	<u>\$ 1,667,000</u>	<u>\$ 1,721,396</u>	<u>3,388,396</u>	<u>160,000</u>
Less amount representing interest			<u>1,721,396</u>	<u>0</u>
Total principal			<u>\$ 1,667,000</u>	<u>\$ 160,000</u>

NOTE 6 – RETIREMENT SYSTEMS:-

The Villages employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

NOTE 7 – RISK MANAGEMENT:-

Risk Pool Management

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan has obtained commercial insurance for property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the member's deductible.

The Village also provides health insurance coverage to full-time employees through a private carrier.



Report on Compliance and on Internal Control Required by *Government Auditing Standards*

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

We have audited the accompanying financial statements of the Village of LaRue, Marion County, Ohio (the Village), as of and for the year ended December 31, 2003, and 2002, and have issued our report thereon dated September 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 15, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Village in a separate letter dated September 15, 2004.

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

Holbrook & Menter

Certified Public Accountants

September 15, 2004
Marion, Ohio

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VILLAGE OF LARUE
MARION COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002

2001-30651-001	Finding for Recovery - public money collected, but unaccounted for	Yes	Village passed a resolution in December 2002 stating no evidence of wrongdoing and that no further action taken to recover the unaccounted funds. Village fund balances will be reconciled and adjusted to reflect actual balances.
2001-30651-002	Finding for Recovery - public money illegally expended - salary	Yes	Village passed a resolution in December 2002 stating no repayment, required the amount was actually a portion of the clerk's 2002 wages and no further action was necessary.
2001-30651-003	Finding for Recovery - Unpaid Water and Sewer bills	Yes	Repaid in Full
2001-30651-004	Finding for Recovery - unapproved salary advance	Yes	Repaid in Full
2001-30651-005	ORC 5705.41 - Expenditures exceed Appropriations	No	Will Repeat in Mangement Letter.
2001-30651-006	Posting of Estimated Revenue and Appropriations and Monitoring of Budget Versus Actual Activity	Yes	Village Council reviews monthly actual income and expenditures to compare to the annual budget.
2001-30651-007	Establishing Procedures for Village Pool Receipts	No	Cash Registers were purchased during 2003, but not properly implemented. Will include comment in Management Letter to properly train employees on the use of the registers to assist in the tracking of monies for reconciliation purposes.



**Auditor of State
Betty Montgomery**

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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
JANUARY 20, 2005**