



**Auditor of State
Betty Montgomery**

VILLAGE OF LAURA
MIAMI COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Laura
Miami County
108 South Main Street
P. O. Box 202
Laura, Ohio 45337

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 Laura, Miami County, (the Village), as of and for the year ended December 31, 2005, 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 opinions 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 discussed in Note 2C, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than 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 modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Laura, Miami County, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General Fund, Street Construction, Maintenance, and Repair Fund, and State Highway Fund thereof for the year then ended in conformity with the basis of accounting Note 2C describes.

For the year ended December 31, 2005, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2006, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

September 15, 2006

**VILLAGE OF LAURA
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

This discussion and analysis of the Village of Laura's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2005, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$31,738, or 22 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the Street Construction, Maintenance, and Repair Fund and General Fund.
- The Village's general receipts are primarily property taxes and intergovernmental. These receipts represent respectively 22 percent and 38 percent of the total cash received for governmental activities during the year. Property and other tax receipts for 2005 showed slight increases compared to 2004.
- The sewer and water operations are the Village's business-type activities. The water fund showed an increase in net assets of \$3,162 or 37 percent for 2005 while the sewer fund showed a gain in net assets of \$5,378 or 13 percent for the year.
- The Village is in the process of utilizing a \$46,000 Community Development Block Grant to make repairs to the sewer system. The Village has been awarded an additional \$46,000 in 2006.

Using the Basic Financial Statements

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

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. 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. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities - Most of the Village's basic services are reported here, including, fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity - The Village has two business-type activities, the provision of sewer and water. Business-type activities are financed by a fee charged to the customers receiving the service.

**VILLAGE OF LAURA
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds – Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Construction, Maintenance, and Repair Fund, and State Highway Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three major proprietary funds, the Sewer Fund, Water Fund, and Sewer Enterprise Reserve Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2005 compared to 2004 on a modified cash basis:

**(Table 1)
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Cash and Cash Equivalents	\$178,072	\$146,334	\$104,204	\$88,442	\$282,276	\$234,776
Total Assets	<u>178,072</u>	<u>146,334</u>	<u>104,204</u>	<u>88,442</u>	<u>282,276</u>	<u>234,776</u>
Net Assets						
Restricted for:						
Capital Outlay			44,360	37,138	44,360	37,138
Other Purposes	132,389	118,604		51,304	132,389	169,908
Unrestricted	45,683	27,730	59,844		105,527	27,730
Total Net Assets	<u>\$178,072</u>	<u>\$146,334</u>	<u>\$104,204</u>	<u>\$88,442</u>	<u>\$282,276</u>	<u>\$234,776</u>

As mentioned previously, net assets of governmental activities increased \$31,738, or 22 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- Council has worked to rebuild the general fund as a result of large disbursements in past years due to a special audit and funds spent on a police department.
- The Village is saving for a major street repair in conjunction with the Ohio Department of Transportation.

**VILLAGE OF LAURA
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2005. Since the Village did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**(Table 2)
Changes in Net Assets**

	Governmental Activities 2005	Business Type Activities 2005	Total 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$250	\$153,304	\$153,554
Operating Grants and Contributions	26,389		26,389
Total Program Receipts	26,639	153,304	179,943
General Receipts:			
Property and Other Local Taxes	17,263		17,263
Grants and Entitlements Not Restricted to Specific Programs	30,547		30,547
Miscellaneous	5,262		5,262
Total General Receipts	53,072		53,072
Total Receipts	79,711	153,304	233,015
Disbursements:			
General Government	18,067		18,067
Security of Persons and Property:	9,565		9,565
Leisure Time Activities	859		859
Community Environment	120		120
Basic Utility Services	3,035		3,035
Transportation	11,225		11,225
Principal Retirement	4,644		4,644
Water		33,598	33,598
Sewer		103,944	103,944
Other	458		458
Total Disbursements	47,973	137,542	185,515
 Increase (Decrease) in Net Assets	 31,738	 15,762	 47,500
 Net Assets, January 1, 2004	 146,334	 88,442	 234,776
Net Assets, December 31, 2004	\$178,072	\$104,204	\$282,276

Program receipts represent 77 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, and charges for services in the water and sewer departments.

General receipts represent 23 percent of the Village's total receipts, and of this amount, 33 percent are local taxes. State and federal grants and entitlements make up the majority of the balance of the Village's general receipts (58 percent). Other receipts are not significant and somewhat unpredictable revenue sources.

**VILLAGE OF LAURA
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, fiscal officer, clerk, mayor, board of public affairs, utilities and solicitor.

Security of Persons and Property are the costs of fire protection and street lighting; Leisure Time Activities are the costs of maintaining the parks and playing fields; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is the general government and represents a cost of about 38 percent of the total disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2005	Net Cost of Services 2005
General Government	\$18,067	(\$17,867)
Security of Persons and Property	9,565	(9,033)
Leisure Time Activities	859	(859)
Community Environment	120	(70)
Basic Utilities	3,035	(3,035)
Transportation	11,225	14,632
Principal Retirement	4,644	(4,644)
Other	458	(458)
Total Expenses	\$47,973	(\$21,334)

The dependence upon property tax receipts is apparent as nearly 45 percent of governmental activities are supported through these general receipts.

Business-type Activities

The sewer and water operations of the Village report slightly higher receipts than cash disbursements. Increased utility revenues are being used to make needed repairs to both the water and sewer plants. The infrastructures are aging and the Village has some problems that need to be addressed. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new quality standards.

**VILLAGE OF LAURA
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

The Village's Funds

Total governmental funds had receipts of \$79,710, and disbursements of \$47,973. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$17,953 as the result of increased property tax receipts and careful spending.

General Fund receipts were greater than disbursements by \$17,953 indicating that the General Fund is being wisely administrated.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, final budgeted receipts were the same as original budgeted receipts due to careful planning.

Final disbursements were budgeted at \$58,017 while actual disbursements were \$32,811. There was no need to reduce appropriations since receipts were steady. The Village kept spending below budgeted amounts as demonstrated by the reported variances. The result is the increase in fund balance of \$17,953 for 2005.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2005, the Village's outstanding debt included \$3,126 in an Ohio Water Department Authority loan in the Water Department, \$83,589 in an Ohio Public Works Commission loan for a street improvement, and \$428,189 in another Ohio Water Department Authority loan for sewer facilities and equipment.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on property taxes and have very little industry to support the tax base. All spending is watched very closely with the Board of Public Affairs keeping track of the enterprise funds and the Council, especially the finance committee scrutinizing all receipts and disbursements closely.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Gretchen Slagle, Clerk-Treasurer, Village of Laura, at 108 S. Main St. P.O. Box 202., Laura, Ohio 45337.

**VILLAGE OF LAURA
MIAMI COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$178,072	\$104,204	\$282,276
Total Assets	<u>178,072</u>	<u>104,204</u>	<u>282,276</u>
Net Assets			
Restricted for:			
Capital Projects		44,360	44,360
Other Purposes	132,389		132,389
Unrestricted	45,683	59,844	105,527
Total Net Assets	<u>\$178,072</u>	<u>\$104,204</u>	<u>\$282,276</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Security of Persons and Property	\$9,565		\$532
Leisure Time Activities	859		
Community Environment	120	\$50	
Basic Utility Services	3,035		
Transportation	11,225		25,857
General Government	18,067	200	
Debt Service:			
Principal	4,644		
Interest			
Other	458		
Total Governmental Activities	47,973	250	26,389
Business Type Activities			
Water Operating	33,598	36,760	
Sewer Operating	103,944	109,322	
Sewer Enterprise Reserve		2,446	
Water Enterprise Reserve		4,776	
Total Business Type Activities	137,542	153,304	
Total Primary Government	\$185,515	\$153,554	\$26,389

General Receipts

Property Taxes
Grants and Entitlements not Restricted to Specific Programs
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>
(\$9,033)		(\$9,033)
(859)		(859)
(70)		(70)
(3,035)		(3,035)
14,632		14,632
(17,867)		(17,867)
(4,644)		(4,644)
(458)		(458)
(21,334)		(21,334)
	\$3,162	3,162
	5,378	5,378
	2,446	2,446
	4,776	4,776
	15,762	15,762
<u>(\$21,334)</u>	<u>\$15,762</u>	<u>(\$5,572)</u>
\$17,263		\$17,263
30,547		30,547
5,262		5,262
53,072		53,072
31,738	15,762	47,500
146,334	88,442	234,776
<u>\$178,072</u>	<u>\$104,204</u>	<u>\$282,276</u>

VILLAGE OF LAURA
MIAMI COUNTY

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Street Const. Maint. Rep.</u>	<u>State Highway</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$45,683	\$106,059	\$22,741	\$3,589	\$178,072
Total Assets	<u>45,683</u>	<u>106,059</u>	<u>22,741</u>	<u>3,589</u>	<u>178,072</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	45,683				45,683
Special Revenue Funds		106,059	22,741	3,266	132,066
Capital Projects Funds				323	323
Total Fund Balances	<u>\$45,683</u>	<u>\$106,059</u>	<u>\$22,741</u>	<u>\$3,589</u>	<u>\$178,072</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED-CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Street Const. Maint. Rep.</u>	<u>State Highway</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts					
Property and Other Local Taxes	\$17,263				\$17,263
Intergovernmental	30,547	\$21,370	\$1,699	\$2,558	56,174
Special Assessments		229		532	761
Fines, Licenses and Permits	1,759				1,759
Miscellaneous	1,195				1,195
Total Receipts	<u>50,764</u>	<u>21,599</u>	<u>1,699</u>	<u>3,090</u>	<u>77,152</u>
Disbursements					
Current:					
Security of Persons and Property	4,000			5,565	9,565
Leisure Time Activities	859				859
Community Environment	120				120
Basic Utility Services	3,035				3,035
Transportation	6,753	1,914		2,558	11,225
General Government	17,586			481	18,067
Debt Service:					
Principal Retirement		4,644			4,644
Total Disbursements	<u>32,353</u>	<u>6,558</u>		<u>8,604</u>	<u>47,515</u>
Excess of Receipts Over (Under) Disbursements	<u>18,411</u>	<u>15,041</u>	<u>1,699</u>	<u>(5,514)</u>	<u>29,637</u>
Other Financing Sources (Uses)					
Other Financing Sources		2,558			2,558
Other Financing Uses	(458)				(458)
Total Other Financing Sources (Uses)	<u>(458)</u>	<u>2,558</u>			<u>2,100</u>
Net Change in Fund Balances	17,953	17,599	1,699	(5,514)	31,737
Fund Balances Beginning of Year	<u>27,730</u>	<u>88,460</u>	<u>21,042</u>	<u>9,103</u>	<u>146,335</u>
Fund Balances End of Year	<u>\$45,683</u>	<u>\$106,059</u>	<u>\$22,741</u>	<u>\$3,589</u>	<u>\$178,072</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$17,175	\$17,175	\$17,263	\$88
Intergovernmental	29,722	29,722	30,547	825
Fines, Licenses and Permits	1,875	1,875	1,759	(116)
Miscellaneous	600	600	1,195	595
Total receipts	<u>49,372</u>	<u>49,372</u>	<u>50,764</u>	<u>1,392</u>
Disbursements				
Current:				
Security of Persons and Property	4,000	4,000	4,000	
Leisure Time Activities	4,300	4,300	859	3,441
Community Environment	200	200	120	80
Basic Utility Services	3,800	3,800	3,035	765
Transportation	7,500	7,500	6,753	747
General Government	35,217	35,217	17,586	17,631
Total Disbursements	<u>55,017</u>	<u>55,017</u>	<u>32,353</u>	<u>22,664</u>
Excess of Receipts Over (Under) Disbursements	<u>(5,645)</u>	<u>(5,645)</u>	<u>18,411</u>	<u>24,056</u>
Other Financing Sources (Uses)				
Other Financing Uses	<u>(3,000)</u>	<u>(3,000)</u>	<u>(458)</u>	<u>2,542</u>
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(458)</u>	<u>2,542</u>
Net Change in Fund Balance	(8,645)	(8,645)	17,953	26,598
Fund Balance Beginning of Year	<u>27,730</u>	<u>27,730</u>	<u>27,730</u>	
Fund Balance End of Year	<u>\$19,085</u>	<u>\$19,085</u>	<u>\$45,683</u>	<u>\$26,598</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
STREET CONSTRUCTION, MAINTENANCE, AND REPAIR
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$19,142	\$19,142	\$21,370	\$2,228
Special Assessments			229	229
Total receipts	<u>19,142</u>	<u>19,142</u>	<u>21,599</u>	<u>2,457</u>
Disbursements				
Current:				
Transportation	70,000	70,000	1,914	68,086
Debt Service:				
Principal Retirement	<u>4,771</u>	<u>4,771</u>	<u>4,644</u>	<u>127</u>
Total Disbursements	<u>74,771</u>	<u>74,771</u>	<u>6,558</u>	<u>68,213</u>
Excess of Receipts Over (Under) Disbursements	<u>(55,629)</u>	<u>(55,629)</u>	<u>15,041</u>	<u>70,670</u>
Other Financing Sources (Uses)				
Other Financing Sources			<u>2,558</u>	<u>2,558</u>
Total Other Financing Sources (Uses)			<u>2,558</u>	<u>2,558</u>
Net Change in Fund Balance	(55,629)	(55,629)	17,599	73,228
Fund Balance Beginning of Year	<u>88,460</u>	<u>88,460</u>	<u>88,460</u>	
Fund Balance End of Year	<u>\$32,831</u>	<u>\$32,831</u>	<u>\$106,059</u>	<u>\$73,228</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
STATE HIGHWAY
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$1,600	\$1,600	\$1,699	\$99
Total receipts	<u>1,600</u>	<u>1,600</u>	<u>1,699</u>	<u>99</u>
Disbursements				
Current:				
Transportation	<u>20,000</u>	<u>20,000</u>		<u>20,000</u>
Total Disbursements	<u>20,000</u>	<u>20,000</u>		<u>20,000</u>
Excess of Receipts Over (Under) Disbursements	(18,400)	(18,400)	1,699	20,099
Other Financing Sources (Uses)				
Fund Balance Beginning of Year	<u>21,042</u>	<u>21,042</u>	<u>21,042</u>	
Fund Balance End of Year	<u><u>\$2,642</u></u>	<u><u>\$2,642</u></u>	<u><u>\$22,741</u></u>	<u><u>\$20,099</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Sewer Enterprise Reserve</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$11,770	\$48,074	\$37,634	\$6,726	\$104,204
Investments					
Total Assets	<u>11,770</u>	<u>48,074</u>	<u>37,634</u>	<u>6,726</u>	<u>104,204</u>
Net Assets					
Restricted for:					
Capital Projects			37,634	6,726	44,360
Debt Service					
Other Purposes					
Unrestricted	11,770	48,074			59,844
Total Net Assets	<u>\$11,770</u>	<u>\$48,074</u>	<u>\$37,634</u>	<u>\$6,726</u>	<u>\$104,204</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Water Operating Total</u>	<u>Sewer Operating Total</u>	<u>Sewer Enterprise Reserve Total</u>	<u>Other Enterprise Funds Total</u>	<u>Total Enterprise Funds</u>
Operating Receipts					
Charges for Services	\$36,661	\$109,048	\$2,446	\$4,776	\$152,931
Total Operating Receipts	<u>36,661</u>	<u>109,048</u>	<u>2,446</u>	<u>4,776</u>	<u>152,931</u>
Operating Disbursements					
Personal Services	5,817	15,577			21,394
Employee Fringe Benefits	869	2,374			3,243
Contractual Services	14,575	14,570			29,145
Supplies and Materials	2,006	6,216			8,222
Other		10,000			10,000
Total Operating Disbursements	<u>23,267</u>	<u>48,737</u>			<u>72,004</u>
Operating Income (Loss)	<u>13,394</u>	<u>60,311</u>	<u>2,446</u>	<u>4,776</u>	<u>80,927</u>
Non-Operating Receipts (Disbursements)					
Miscellaneous Receipts	99	274			373
Capital Outlay	(3,692)	(645)			(4,337)
Principal Payments	(5,981)	(22,846)			(28,827)
Interest and Fiscal Charges	(658)	(31,716)			(32,374)
Total Non-Operating Receipts (Disbursements)	<u>(10,232)</u>	<u>(54,933)</u>			<u>(65,165)</u>
Change in Net Assets	3,162	5,378	2,446	4,776	15,762
Net Assets Beginning of Year	<u>8,608</u>	<u>42,696</u>	<u>35,188</u>	<u>1,950</u>	<u>88,442</u>
Net Assets End of Year	<u><u>\$11,770</u></u>	<u><u>\$48,074</u></u>	<u><u>\$37,634</u></u>	<u><u>\$6,726</u></u>	<u><u>\$104,204</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$1,450</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

1. REPORTING ENTITY

The Village of Laura, Miami 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 the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government of the Village of Laura.

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 park operations. The Village appropriates general fund money to support a volunteer fire department.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified 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 modified 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.

A. Basis of Presentation

The Village's basic financial statements consist 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.

1. 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 non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net assets presents the cash balance 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 modified cash basis or draws from the Village's general receipts.

2. 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. Non-major funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from non-operating 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 fund statements report all other receipts and disbursements as non-operating.

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 proprietary.

1. Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction, Maintenance, and Repair Fund, and State Highway 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. The Street fund, State Highway fund, and the other governmental funds account for grants and other resources whose use is restricted to a particular purpose.

2. Proprietary Funds

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

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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's major enterprise funds are the Water, Sewer, and Sewer Enterprise Reserve funds.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located 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.

Sewer Enterprise Reserve -The sewer enterprise fund takes a percent of the sewer fee to be utilized for capital repairs to the sewer plant.

C. Basis of Accounting

The Village's financial statements are prepared using the modified 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 disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this modified 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 expenses and liabilities) 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 accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations 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, function, 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 certificated 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.

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 (contra revenue), respectively.

During 2005, the Village had no monies invested.

F. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

G. 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 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

H. Long-Term Obligations

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

I. 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.

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.

J. 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.

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

3. CHANGE IN BASIS OF ACCOUNTING

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the modified cash basis of accounting described in note 2C. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

4. COMPLIANCE

As noted in the "Schedule of Findings", the Village did not properly account for a Federal Emergency Management Agency grant in the amount of \$2,558.

5. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, street construction, maintenance, and repair fund, and state highway fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

6. 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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village may not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$185,235 of the Village's bank balance of \$285,235 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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.

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 has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

8. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2005, was \$3.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$5,049,040
Agriculture	1,890
Commercial/Industrial/Mineral	322,610
Public Utility Property	
Personal	140,570
Tangible Personal Property	351,140
Total Assessed Value	\$5,865,250

9. INTERFUND RECEIVABLES/PAYABLES

Interfund balances at December 31, 2005, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Water Fund	\$5,000

The balance due to the General Fund includes loans made to provide working capital for operations. This amount is expected to be repaid within one year.

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

10. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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.

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.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$3,833, \$3,984, and \$3,907 respectively. The full amount has been contributed for 2005, 2004 and 2003.

11. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional 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 health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional plan is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll.

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund post-employment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

12. DEBT

The Village's long-term debt activity for the year ended December 31, 2005, was as follows:

Governmental Activities	Interest Rate	Balance 12/31/2004	Additions	Deletions	Balance 12/31/2005	Due within One Year
Ohio Public Works Commission Loan	0%	\$88,233		(\$4,644)	\$83,589	\$2,322
Business-Type Activities						
Ohio Water Development Authority Loan # 1	7.86%	\$9,150		(\$5,981)	\$3,169	\$3,169
Ohio Water Development Authority Loan # 2	7.50%	451,035		(22,846)	428,189	11,939
		460,185		(28,827)	431,358	15,108
		<u>\$548,418</u>		<u>(\$33,471)</u>	<u>\$514,947</u>	<u>\$17,430</u>

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 18 years. This loan is supported by the full faith and credit of the Village and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal payments.

The Ohio Water Development Authority (OWDA) water loan (#1) relates to a water system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$3,371 including interest, and will be repaid within one year. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF LAURA
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

12. DEBT (Continued)

The Ohio Water Development Authority (OWDA) Sewer loan (#2) 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 12 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year Ended December 31	OWDA Water Improvement Loan #1	OWDA Sewer Improvement Loan #2	OPWC Street Loan	Total
2006	\$3,371	\$28,437	\$2,322	\$34,130
2007		56,873	4,644	61,517
2008		56,873	4,644	61,517
2009		56,873	4,644	61,517
2010		56,873	4,644	61,517
2011-2015		284,365	23,219	307,584
2016-2020		113,746	23,219	136,965
2021-2024			16,253	16,253
Total	<u>\$3,371</u>	<u>\$654,040</u>	<u>\$83,589</u>	<u>\$741,000</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.

13. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Village was awarded a Community Development Block Grant (CDBG) in 2004 for the amount of \$46,000 with construction and repairs beginning in 2006. This grant will pay for needed repairs to the sewer system.

Another \$46,000 grant by CDBG was awarded in 2005 with additional repairs for the sewer system planned in 2006.

14. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

15. SUBSEQUENT EVENT

As the result of a 2000-2001 special audit, Findings for Recovery were issued to the clerk at that time and a police officer. The Village dealt with the Westfield Insurance Company (the bonding company) to recover the Finding for Recovery amounts. The bonding company paid these Findings for Recovery amounts totaling \$2,189 to the Village on April 3, 2006.



Auditor of State Betty Montgomery

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
P. O. Box 202
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 year ended December 31, 2005, and have issued our report thereon dated September 15, 2006, wherein we noted the Village revised its financial statements for 2005, making them comparable to the requirements of governmental Auditing Standard Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*. 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated September 15, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the Village's management dated September 15, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Village of Laura
Miami County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Village Council. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

September 15, 2006

VILLAGE OF LAURA
MIAMI COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Rev. Code Section 5705.10 requires in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

In fiscal year 2005 the Clerk-Treasurer paid monies in the amount of \$2,558 into the street construction, maintenance, and repair fund that should have been paid into a Federal Emergency Management Agency (FEMA) fund. The 2005 financial statements have been adjusted to reflect the correct accounting for these funds.

The fiscal officer should pay monies into the proper funds. To provide for more effective monitoring, the Village Council should review the receipts for correct posting to the proper funds.

Officials Response: We received no response from officials.



**Auditor of State
Betty Montgomery**

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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
NOVEMBER 28, 2006**