

**VILLAGE OF LAURA
MIAMI COUNTY, OHIO**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016





Dave Yost • Auditor of State

Village Council
Village of Laura
108 South Main Street
Laura, OH 45337

We have reviewed the *Independent Auditor's Report* of the Village of Laura, Miami County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. 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 Laura is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 12, 2018

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**VILLAGE OF LAURA
MIAMI COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2017 and 2016**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Laura, Miami County, (the Village) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

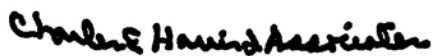
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and the related notes of the Village of Laura, Miami County, as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2018, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 30, 2018

**VILLAGE OF LAURA
MIAMI COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
All Governmental Fund Types
For the Year Ended December 31, 2017**

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 14,445	\$ -	\$ -	\$ 14,445
Intergovernmental	24,127	30,157	-	54,284
Special Assessments	252	6,891	-	7,143
Fines, Licenses and Permits	2,096	-	-	2,096
Miscellaneous	1,119	-	-	1,119
Total Receipts	42,039	37,048	-	79,087
Disbursements:				
Current:				
Security of Persons & Property	6,001	6,345	-	12,346
Leisure Time Activities	3,281	-	-	3,281
Basic Utility Services	3,061	-	-	3,061
Transportation	-	20,606	-	20,606
General Government	27,321	270	-	27,591
Debt Service:				
Principal	-	2,321	-	2,321
Total Disbursements	39,664	29,542	-	69,206
Excess of Receipts Over/(Under) Disbursements	2,375	7,506	-	9,881
Other Financing Receipts/(Disbursements) Other Financing Uses	(2,055)	-	-	(2,055)
Total Other Financing Receipts/(Disbursements)	(2,055)	-	-	(2,055)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	320	7,506	-	7,826
Fund Cash Balance, January 1, 2017, Restated	82,693	122,801	323	205,817
Fund Cash Balance, December 31, 2017				
Restricted	-	129,915	323	130,238
Committed	-	392	-	392
Assigned	60	-	-	60
Unassigned	82,953	-	-	82,953
Fund Cash Balance, December 31, 2017	\$ 83,013	\$ 130,307	\$ 323	\$ 213,643

See Accompanying Notes to the Financial Statements.

**VILLAGE OF LAURA
MIAMI COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
For the Year Ended December 31, 2017**

		<u>Enterprise</u>
Operating Receipts:		
Charges for Services	\$	<u>158,637</u>
Total Operating Receipts		<u>158,637</u>
Operating Disbursements:		
Personal Services		30,885
Employee Fringe Benefits		4,504
Contractual Services		37,893
Supplies and Materials		5,135
Other		<u>4,781</u>
Total Operating Disbursements		<u>83,198</u>
Operating Income		75,439
Non-Operating Receipts/(Disbursements):		
Special Assessments		4,829
Capital Outlay		(20,639)
Debt Service:		
Principal Retirement		(30,740)
Interest and Fiscal Charges		<u>(6,041)</u>
Total Nonoperating Receipts/(Disbursements)		<u>(52,591)</u>
Net Change in Fund Cash Balances		22,848
Fund Cash Balance, January 1, 2017, Restated		<u>212,306</u>
Fund Cash Balance, December 31, 2017	\$	<u><u>235,154</u></u>

See Accompanying Notes to the Financial Statements.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Laura (the Village), Miami County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. As of December 2017 the Village contracts with the Miami County Sheriff's department to provide police services. The Village contracts with Laura Fire Company to receive fire protection services.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund This fund receives gasoline and motor vehicle taxes for use in constructing, maintaining and repairing state highways within the Village.

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

OWDA Grant Construction – This fund receives money from OWDA for a capital project.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

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

Water Fund The water fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

Sewer Fund The sewer fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

Water Enterprise Reserve Fund The water enterprise reserve fund charges for services from residents toward the upkeep, repair, and improvement of the Village's water system and to be used in the case of an emergency which involves the Village's water system.

Sewer Enterprise Reserve Fund The sewer enterprise reserve fund charges for services from residents toward the upkeep, repair, and improvement of the Village's sewer system and to be used in the case of an emergency which involves the Village's sewer system.

OWDA Water Main Replacement Fund The OWDA Water Main Replacement Fund received money from the Ohio Water Development Authority to repay the water main line.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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 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.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Village does not have investments. Deposits are held in a checking account.

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,217	\$42,039	\$4,822
Special Revenue	35,085	37,048	1,963
Enterprise	161,004	163,466	2,462

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$90,606	\$41,779	\$48,827
Special Revenue	152,069	29,542	122,527
Enterprise	293,109	141,179	151,930

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$448,797
Total deposits	\$448,797

Deposits

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

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Taxes

Property Taxes

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

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

Note 6 - Risk Management

Worker's Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The Village has obtained commercial insurance for comprehensive property and general liability and errors and omissions.

Settlement amounts did not exceed insurance coverage for the past three fiscal years and coverage limits have not changed significantly from the prior year.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Social Security

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OWDA Waterline Replacement Loan #5327	\$142,505	3.42%
OPWC South Main Street Construction #CK15E	30,186	0%
Total	\$172,691	

In 2009, the Village entered into a note agreement with the OWDA (Loan #5327) related to the completion of a waterline replacement project. This 30-year note was issued at an interest rate of 3.42% with payments beginning July 1, 2010 and ending January 1, 2040.

In 2001, the Village entered into a note agreement with the OPWC (Loan #CK15E) related to the Main Street reconstruction project. The 20-year note was issued at an interest rate of 0% with payments beginning July 1, 2004 and ending January 1, 2024.

Amortization

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

Year ending December 31:	OWDA #5327	OPWC #CK15E
2018	\$9,270	\$4,644
2019	9,270	4,644
2020	9,270	4,644
2021	9,270	4,644
2022	9,270	4,644
2023-2027	46,349	6,967
2028-2032	46,349	-
2033-2037	46,349	-
2038-2041	4,535	-
Total	\$189,932	\$30,186

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

Note 11 – Fund Balance Restatement

During 2017, the Village restated the beginning fund balances due to the voiding of checks. Below is the restated fund amounts.

	January 1, 2017	Adjustment	Restated Balance January 1, 2017
General Fund	<u>\$ 82,373</u>	<u>\$ 318</u>	<u>\$ 82,693</u>
Enterprise Fund	<u>\$ 212,122</u>	<u>\$ 184</u>	<u>\$ 212,306</u>

VILLAGE OF LAURA
MIAMI COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
All Governmental Fund Types
For the Year Ended December 31, 2016

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 13,973	\$ -	\$ -	\$ 13,973
Intergovernmental	24,138	28,109	-	52,247
Special Assessments	110	6,200	-	6,310
Fines, Licenses and Permits	2,187	-	-	2,187
Other	379	-	-	379
Total Receipts	40,787	34,309	-	75,096
Disbursements:				
Current:				
Security of Persons & Property	4,000	6,550	-	10,550
Leisure Time Activities	4,000	-	-	4,000
Basic Utility Services	3,382	-	-	3,382
Transportation	-	17,716	-	17,716
General Government	24,380	192	-	24,572
Debt Service:				
Principal Retirement	-	4,643	-	4,643
Total Disbursements	35,762	29,101	-	64,863
Excess of Receipts Over/(Under) Disbursements	5,025	5,208	-	10,233
Other Financing Receipts/(Disbursements)				
Transfers In	-	500	-	500
Transfers Out	(500)	-	-	(500)
Other Financing Uses	(1,200)	-	-	(1,200)
Total Other Financing Receipts/(Disbursements)	(1,700)	500	-	(1,200)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,325	5,708	-	9,033
Fund Cash Balance, January 1, 2016	79,048	117,093	323	196,464
Fund Cash Balance, December 31, 2016				
Restricted	-	122,685	323	123,008
Committed	-	116	-	116
Assigned	53,799	-	-	53,799
Unassigned	28,574	-	-	28,574
Fund Cash Balance, December 31, 2016	\$ 82,373	\$ 122,801	323	\$ 205,497

See Accompanying Notes to the Financial Statements.

**VILLAGE OF LAURA
MIAMI COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
For the Year Ended December 31, 2016**

	<u>Enterprise</u>
Operating Receipts:	
Charges for Services	\$ <u>163,515</u>
Total Operating Receipts	<u>163,515</u>
Operating Disbursements:	
Personal Services	27,989
Employee Fringe Benefits	3,833
Contractual Services	28,974
Supplies and Materials	5,211
Other	<u>12,893</u>
Total Operating Disbursements	<u>78,900</u>
Operating Income	84,615
Non-Operating Receipts/(Disbursements):	
Special Assessments	4,520
Capital Outlay	(10,438)
Debt Service:	
Principal Retirement	(55,203)
Interest and Fiscal Charges	<u>(6,696)</u>
Total Nonoperating Receipts/(Disbursements)	<u>(67,817)</u>
Net Change in Fund Cash Balances	16,798
Fund Cash Balance, January 1, 2016	<u>195,324</u>
Fund Cash Balance, December 31, 2016	<u>\$ <u>212,122</u></u>

See Accompanying Notes to the Financial Statements.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

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Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

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Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund This fund receives gasoline and motor vehicle taxes for use in constructing, maintaining and repairing state highways within the Village.

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

OWDA Grant Construction – This fund receives money from OWDA for a capital project.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

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

Water Fund The water fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

Sewer Fund The sewer fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

Water Enterprise Reserve Fund The water enterprise reserve fund charges for services from residents toward the upkeep, repair, and improvement of the Village's water system and to be used in the case of an emergency which involves the Village's water system.

Sewer Enterprise Reserve Fund The sewer enterprise reserve fund charges for services from residents toward the upkeep, repair, and improvement of the Village's sewer system and to be used in the case of an emergency which involves the Village's sewer system.

OWDA Water Main Replacement Fund The OWDA Water Main Replacement Fund received money from the Ohio Water Development Authority to repay the water main line.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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 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.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

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

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Village does not have investments. Deposits are held in a checking account.

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$40,787	\$40,787	\$0
Special Revenue	35,309	34,809	(500)
Enterprise	168,034	168,035	1

2016 Budgeted vs. Actual Budgetary Basis Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$87,811	\$37,872	\$49,939
Special Revenue	126,801	29,101	97,700
Enterprise	301,031	151,641	149,390

Note 4 – Deposits and Investments

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

Demand deposits	<u><u>2016</u></u>
	<u><u>\$417,619</u></u>

Deposits

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

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 5 – Taxes

Property Taxes

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

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

Note 6 - Risk Management

Worker's Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for comprehensive property and general liability and errors and omissions.

Settlement amounts did not exceed insurance coverage for the past three fiscal years and coverage limits have not changed significantly from the prior year.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Social Security

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OWDA Waterline Replacement Loan #5327	\$146,792	3.42%
OWDA Sewer System Expansion Loan #1677	26,453	7.50%
OPWC South Main Street Construction #CK15E	32,507	0.00%
Total	\$205,752	

In 2009, the Village entered into a note agreement with the OWDA (Loan #5327) related to the completion of a waterline replacement project. This 30-year note was issued at an interest rate of 3.42% with payments beginning July 1, 2010 and ending January 1, 2040.

In 1991, the Village entered into a note agreement with the OWDA (Loan #1677) related to the completion of a sewer system expansion project. This 25-year note was issued at an interest rate of 7.50% with payments beginning January 1, 1993 and ending July 1, 2017.

In 2001, the Village entered into a note agreement with the OPWC (Loan #CK15E) for the South Main Street reconstruction project. The 20-year note was issued at an interest rate of 0% with payments beginning July 1, 2004 and ending January 1, 2024.

Amortization

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

Village of Laura, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Year ending December 31:	OWDA #5327	OWDA #1677	OPWC CK15E
2017	\$9,270	\$26,453	\$4,644
2018	9,270	-	4,644
2019	9,270	-	4,644
2020	9,270	-	4,644
2021	9,270	-	4,644
2022-2026	46,349	-	9,288
2027-2031	46,349	-	-
2032-2036	46,349	-	-
2037-2040	13,805	-	-
Total	<u>\$199,202</u>	<u>\$26,453</u>	<u>\$32,507</u>

Note 10 – Contingent Liabilities/Subsequent

Management believes there are no pending claims or lawsuits.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Laura, Miami County, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2018, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 30, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 30, 2018



Dave Yost • Auditor of State

VILLAGE OF LAURA

MIAMI COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 25, 2018