



**VILLAGE OF LARUE
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

**VILLAGE OF LARUE
MARION COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2007.....	3
Statement of Activities – Cash Basis – For the Year Ended December 31, 2007.....	4
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds - December 31, 2007.....	6
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2007.....	7
Statement of Receipts, Disbursements, and Change in Fund Balance - Budget and Actual – Budget Basis – General Fund - For the Year Ended December 31, 2007.....	8
Statement of Receipts, Disbursements, and Change in Fund Balance - Budget and Actual – Budget Basis – Street Construction, Maintenance and Repair Fund - For the Year Ended December 31, 2007.....	9
Statement of Receipts, Disbursements, and Change in Fund Balance - Budget and Actual – Budget Basis – Park Fund - For the Year Ended December 31, 2007.....	10
Statement of Fund Net Assets – Cash Basis – Enterprise Fund - December 31, 2007.....	11
Statement of Cash Receipts, Disbursements and Change in Fund Net Assets - Cash Basis – Enterprise Fund – For the Year Ended December 31, 2007.....	12
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2006.....	13
Statement of Activities – Cash Basis – For the Year Ended December 31, 2006.....	14
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds - December 31, 2006.....	16
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2006.....	17

VILLAGE OF LARUE
MARION COUNTY

TABLE OF CONTENTS

(Continued)

TITLE	PAGE
Statement of Receipts, Disbursements, and Change in Fund Balance - Budget and Actual – Budget Basis – General Fund - For the Year Ended December 31, 2006	18
Statement of Receipts, Disbursements, and Change in Fund Balance - Budget and Actual – Budget Basis – Street Construction, Maintenance and Repair Fund - For the Year Ended December 31, 2006	19
Statement of Receipts, Disbursements, and Change in Fund Balance - Budget and Actual – Budget Basis – Park Fund - For the Year Ended December 31, 2006	20
Statement of Fund Net Assets – Cash Basis – Enterprise Fund - December 31, 2006.....	21
Statement of Cash Receipts, Disbursements and Change in Fund Net Assets - Cash Basis – Enterprise Fund – For the Year Ended December 31, 2006	22
Notes to the Basic Financial Statements	23
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35
Schedule of Findings	37
Schedule of Prior Audit Findings	38



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaRue, Marion County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006, 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. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the 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 cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaRue, Marion County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Street Maintenance, Construction and Repair, and Park Funds thereof for the years then ended in conformity with the accounting basis Note 2 describes.

For the year ended December 31, 2006, 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 October 31, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The aforementioned revision to generally accepting accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

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

Mary Taylor, CPA
Auditor of State

October 31, 2008

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$75,311	\$101,830	\$177,141
<i>Total Assets</i>	<u>75,311</u>	<u>101,830</u>	<u>177,141</u>
Net Assets			
Restricted for:			
Other Purposes	31,057	0	31,057
Unrestricted	44,254	101,830	146,084
<i>Total Net Assets</i>	<u>\$75,311</u>	<u>\$101,830</u>	<u>\$177,141</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
General Government	\$52,850	\$6,273	\$0
Security of Persons and Property	22,974	0	0
Public Health Services	963	0	0
Leisure Time Activities	30,649	19,034	0
Basic Utility Services	13,402	0	0
Transportation	56,966	0	43,106
Capital Outlay	35,000	0	0
Debt Service:			
Principal Retirement	4,344	0	0
Interest and Fiscal Charges	713	0	0
<i>Total Governmental Activities</i>	<u>217,861</u>	<u>25,307</u>	<u>43,106</u>
Business Type Activities			
Water	98,991	80,638	0
Sewer	145,428	127,742	0
Other Enterprise	5,290	1,390	0
<i>Total Business Type Activities</i>	<u>249,709</u>	<u>209,770</u>	<u>0</u>
Total	<u><u>\$467,570</u></u>	<u><u>\$235,077</u></u>	<u><u>43,106</u></u>

General Receipts

Property Taxes Levied for General Purposes
Other Local Taxes
Grants and Entitlements not Restricted
to Specific Programs
Proceeds of Loan
Insurance Proceeds
Sale of Assets
Interest
Miscellaneous

Total General Receipts

Transfers

Total General Receipts and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$46,577)	\$0	(\$46,577)
(22,974)	0	(22,974)
(963)	0	(963)
(11,615)	0	(11,615)
(13,402)	0	(13,402)
(13,860)	0	(13,860)
(35,000)	0	(35,000)
(4,344)	0	(4,344)
(713)	0	(713)
(149,448)	0	(149,448)
0	(18,353)	(18,353)
0	(17,686)	(17,686)
0	(3,900)	(3,900)
0	(39,939)	(39,939)
(149,448)	(39,939)	(189,387)
66,863	0	66,863
4,953	0	4,953
59,540	0	59,540
35,000	0	35,000
0	3,640	3,640
0	1,565	1,565
472	1,941	2,413
25,267	236	25,503
192,095	7,382	199,477
(7,500)	7,500	0
184,595	14,882	199,477
35,147	(25,057)	10,090
40,164	126,887	167,051
\$75,311	\$101,830	\$177,141

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General	Street Construction, Maintenance and Repair Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$44,254	\$27,411	\$1,305	\$2,341	\$75,311
<i>Total Assets</i>	<u>44,254</u>	<u>27,411</u>	<u>1,305</u>	<u>2,341</u>	<u>75,311</u>
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	44,254	0	0	0	44,254
Special Revenue Funds	<u>0</u>	<u>27,411</u>	<u>1,305</u>	<u>2,341</u>	<u>31,057</u>
<i>Total Fund Balances</i>	<u>\$44,254</u>	<u>\$27,411</u>	<u>\$1,305</u>	<u>\$2,341</u>	<u>\$75,311</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Street Construction, Maintenance and Repair Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$66,863	\$0	\$0	\$4,953	\$71,816
Charges for Services	0	0	19,034	0	19,034
Fines, Licenses and Permits	6,273	0	0	0	6,273
Intergovernmental	59,540	36,825	0	6,084	102,449
Interest	433	158	39	39	669
Miscellaneous	6,327	0	220	18,720	25,267
<i>Total Receipts</i>	<u>139,436</u>	<u>36,983</u>	<u>19,293</u>	<u>29,796</u>	<u>225,508</u>
Disbursements					
Current:					
General Government	34,130	0	0	18,720	52,850
Security of Persons and Property	22,974	0	0	0	22,974
Public Health Services	963	0	0	0	963
Leisure Time Activities	9,503	0	21,146	0	30,649
Basic Utility Services	12,915	0	0	487	13,402
Transportation	23,268	21,318	0	12,380	56,966
Capital Outlay	35,000	0	0	0	35,000
Debt Service:					
Principal Retirement	4,344	0	0	0	4,344
Interest and Fiscal Charges	713	0	0	0	713
<i>Total Disbursements</i>	<u>143,810</u>	<u>21,318</u>	<u>21,146</u>	<u>31,587</u>	<u>217,861</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,374)</u>	<u>15,665</u>	<u>(1,853)</u>	<u>(1,791)</u>	<u>7,647</u>
Other Financing Sources (Uses)					
Proceeds of Loan	35,000	0	0	0	35,000
Transfers In	0	0	3,712	734	4,446
Transfers Out	(11,946)	0	0	0	(11,946)
<i>Total Other Financing Sources (Uses)</i>	<u>23,054</u>	<u>0</u>	<u>3,712</u>	<u>734</u>	<u>27,500</u>
<i>Net Change in Fund Balances</i>	18,680	15,665	1,859	(1,057)	35,147
<i>Fund Balances Beginning of Year</i>	<u>25,574</u>	<u>11,746</u>	<u>(554)</u>	<u>3,398</u>	<u>40,164</u>
<i>Fund Balances End of Year</i>	<u><u>\$44,254</u></u>	<u><u>\$27,411</u></u>	<u><u>\$1,305</u></u>	<u><u>\$2,341</u></u>	<u><u>\$75,311</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$69,155	\$69,155	\$66,863	(\$2,292)
Fines, Licenses and Permits	9,500	9,500	6,273	(3,227)
Intergovernmental	50,987	50,987	59,540	8,553
Interest	500	500	433	(67)
Miscellaneous	4,000	4,000	6,327	2,327
<i>Total receipts</i>	<u>134,142</u>	<u>134,142</u>	<u>139,436</u>	<u>5,294</u>
Disbursements				
Current:				
General Government	42,700	37,700	34,130	3,570
Security of Persons and Property	23,000	23,000	22,974	26
Public Health Services	2,600	2,600	963	1,637
Leisure Time Activities	10,000	10,000	9,503	497
Basic Utility Services	13,600	13,600	12,915	685
Transportation	25,000	30,000	23,268	6,732
Capital Outlay	0	35,000	35,000	0
Debt Service:				
Principal Retirement	4,583	4,583	4,344	239
Interest and Fiscal Charges	713	713	713	0
<i>Total Disbursements</i>	<u>122,196</u>	<u>157,196</u>	<u>143,810</u>	<u>13,386</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,946</u>	<u>(23,054)</u>	<u>(4,374)</u>	<u>18,680</u>
Other Financing Sources (Uses)				
Proceeds of Loan	0	35,000	35,000	0
Transfers Out	(11,946)	(11,946)	(11,946)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(11,946)</u>	<u>23,054</u>	<u>23,054</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>0</u>	<u>18,680</u>	<u>18,680</u>
<i>Fund Balance Beginning of Year</i>	<u>25,574</u>	<u>25,574</u>	<u>25,574</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$25,574</u>	<u>\$25,574</u>	<u>\$44,254</u>	<u>\$18,680</u>

See accompanying notes to the basic financial statements 8

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$31,300	\$31,300	\$36,825	\$5,525
Interest	200	200	158	(42)
<i>Total receipts</i>	31,500	31,500	36,983	5,483
Disbursements				
Transportation	31,500	31,500	21,318	10,182
<i>Total Disbursements</i>	31,500	31,500	21,318	10,182
<i>Net Change in Fund Balance</i>	0	0	15,665	15,665
<i>Fund Balance Beginning of Year</i>	11,746	11,746	11,746	0
<i>Fund Balance End of Year</i>	\$11,746	\$11,746	\$27,411	\$15,665

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PARK FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$21,500	\$21,500	\$19,034	(\$2,466)
Interest	50	50	39	(11)
Miscellaneous	450	450	220	(230)
<i>Total receipts</i>	<u>22,000</u>	<u>22,000</u>	<u>19,293</u>	<u>(2,707)</u>
Disbursements				
Leisure Time Activities	20,619	20,619	21,146	(527)
<i>Total Disbursements</i>	<u>20,619</u>	<u>20,619</u>	<u>21,146</u>	<u>(527)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,381</u>	<u>1,381</u>	<u>(1,853)</u>	<u>(3,234)</u>
Other Financing Sources				
Transfers In	0	0	3,712	3,712
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>3,712</u>	<u>3,712</u>
<i>Net Change in Fund Balance</i>	1,381	1,381	1,859	478
<i>Fund Balance Beginning of Year</i>	<u>(554)</u>	<u>(554)</u>	<u>(554)</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$827</u></u>	<u><u>\$827</u></u>	<u><u>\$1,305</u></u>	<u><u>\$478</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2007**

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Other Enterprise Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,851	\$94,149	\$3,830	\$101,830
<i>Total Assets</i>	<u>3,851</u>	<u>94,149</u>	<u>3,830</u>	<u>101,830</u>
Net Assets				
Unrestricted	3,851	94,149	3,830	101,830
<i>Total Net Assets</i>	<u>\$3,851</u>	<u>\$94,149</u>	<u>\$3,830</u>	<u>\$101,830</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Other Enterprise Fund	
Operating Receipts				
Charges for Services	\$80,638	\$127,742	\$1,390	\$209,770
Other Operating Receipts	0	236	0	236
<i>Total Operating Receipts</i>	<u>80,638</u>	<u>127,978</u>	<u>1,390</u>	<u>210,006</u>
Operating Disbursements				
Personal Services	16,182	9,354	0	25,536
Contractual Services	43,104	26,039	0	69,143
Materials and Supplies	38,505	7,118	0	45,623
Other	1,200	890	5,290	7,380
<i>Total Operating Disbursements</i>	<u>98,991</u>	<u>43,401</u>	<u>5,290</u>	<u>147,682</u>
<i>Operating Income (Loss)</i>	<u>(18,353)</u>	<u>84,577</u>	<u>(3,900)</u>	<u>62,324</u>
Non-Operating Receipts (Disbursements)				
Sale of Assets	1,565	0	0	1,565
Interest	649	1,292	0	1,941
Insurance Proceeds	3,640	0	0	3,640
Principal Payments	0	(32,000)	0	(32,000)
Interest and Fiscal Charges	0	(70,027)	0	(70,027)
<i>Income (Loss) before Transfers</i>	<u>(12,499)</u>	<u>(16,158)</u>	<u>(3,900)</u>	<u>(32,557)</u>
Transfers In	7,500	0	0	7,500
<i>Change in Net Assets</i>	<u>(4,999)</u>	<u>(16,158)</u>	<u>(3,900)</u>	<u>(25,057)</u>
<i>Net Assets Beginning of Year</i>	<u>8,850</u>	<u>110,307</u>	<u>7,730</u>	<u>126,887</u>
<i>Net Assets End of Year</i>	<u><u>\$3,851</u></u>	<u><u>\$94,149</u></u>	<u><u>\$3,830</u></u>	<u><u>\$101,830</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$40,164	\$126,887	\$167,051
<i>Total Assets</i>	40,164	126,887	167,051
Net Assets			
Restricted for:			
Other Purposes	14,590	0	14,590
Unrestricted	25,574	126,887	152,461
<i>Total Net Assets</i>	\$40,164	\$126,887	\$167,051

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
General Government	\$54,722	\$7,576	\$0
Security of Persons and Property	17,787	0	0
Public Health Services	753	0	0
Leisure Time Activities	24,486	17,294	0
Basic Utility Services	11,434	0	0
Transportation	63,176	0	40,372
<i>Total Governmental Activities</i>	<u>172,358</u>	<u>24,870</u>	<u>40,372</u>
Business Type Activities			
Water	89,670	65,965	0
Sewer	141,112	130,775	0
Other Enterprise	40	1,100	0
<i>Total Business Type Activities</i>	<u>230,822</u>	<u>197,840</u>	<u>0</u>
Total	<u><u>\$403,180</u></u>	<u><u>\$222,710</u></u>	<u><u>\$40,372</u></u>

General Receipts

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

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$47,146)	\$0	(\$47,146)
(17,787)	0	(17,787)
(753)	0	(753)
(7,192)	0	(7,192)
(11,434)	0	(11,434)
(22,804)	0	(22,804)
<u>(107,116)</u>	<u>0</u>	<u>(107,116)</u>
0	(23,705)	(23,705)
0	(10,337)	(10,337)
0	1,060	1,060
<u>0</u>	<u>(32,982)</u>	<u>(32,982)</u>
<u>(107,116)</u>	<u>(32,982)</u>	<u>(140,098)</u>
59,563	0	59,563
4,786	0	4,786
61,427	0	61,427
451	1,674	2,125
7,583	1,674	9,257
<u>133,810</u>	<u>3,348</u>	<u>137,158</u>
26,694	(29,634)	(2,940)
<u>13,470</u>	<u>156,521</u>	<u>169,991</u>
<u>\$40,164</u>	<u>\$126,887</u>	<u>\$167,051</u>

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Street Construction, Maintenance and Repair Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$25,574	\$11,746	(\$554)	\$3,398	\$40,164
<i>Total Assets</i>	<u>25,574</u>	<u>11,746</u>	<u>(554)</u>	<u>3,398</u>	<u>40,164</u>
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	25,574	0	0	0	25,574
Special Revenue Funds	0	11,746	(554)	3,398	14,590
<i>Total Fund Balances</i>	<u>\$25,574</u>	<u>\$11,746</u>	<u>(\$554)</u>	<u>\$3,398</u>	<u>\$40,164</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Street Construction, Maintenance and Repair Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$59,563	\$0	\$0	\$4,786	\$64,349
Charges for Services	0	0	17,294	0	17,294
Fines, Licenses and Permits	7,576	0	0	0	7,576
Intergovernmental	61,427	37,170	0	3,014	101,611
Interest	413	154	38	34	639
Miscellaneous	2,675	0	4,908	0	7,583
<i>Total Receipts</i>	<u>131,654</u>	<u>37,324</u>	<u>22,240</u>	<u>7,834</u>	<u>199,052</u>
Disbursements					
Current:					
General Government	54,722	0	0	0	54,722
Security of Persons and Property	17,787	0	0	0	17,787
Public Health Services	753	0	0	0	753
Leisure Time Activities	3,861	0	20,625	0	24,486
Basic Utility Services	10,729	0	0	705	11,434
Transportation	18,624	37,038	0	7,514	63,176
<i>Total Disbursements</i>	<u>106,476</u>	<u>37,038</u>	<u>20,625</u>	<u>8,219</u>	<u>172,358</u>
<i>Net Change in Fund Balances</i>	25,178	286	1,615	(385)	26,694
<i>Fund Balances Beginning of Year</i>	<u>396</u>	<u>11,460</u>	<u>(2,169)</u>	<u>3,783</u>	<u>13,470</u>
<i>Fund Balances End of Year</i>	<u><u>\$25,574</u></u>	<u><u>\$11,746</u></u>	<u><u>(\$554)</u></u>	<u><u>\$3,398</u></u>	<u><u>\$40,164</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$63,650	\$63,650	\$59,563	(\$4,087)
Fines, Licenses and Permits	9,500	9,500	7,576	(1,924)
Intergovernmental	41,640	41,640	61,427	19,787
Interest	0	0	413	413
Miscellaneous	4,000	4,000	2,675	(1,325)
<i>Total receipts</i>	<u>118,790</u>	<u>118,790</u>	<u>131,654</u>	<u>12,864</u>
Disbursements				
General Government	57,387	57,387	54,722	2,665
Security of Persons and Property	20,000	20,000	17,787	2,213
Public Health Services	2,600	2,600	753	1,847
Leisure Time Activities	3,000	3,000	3,861	(861)
Basic Utility Services	10,900	10,900	10,729	171
Transportation	25,000	25,000	18,624	6,376
<i>Total Disbursements</i>	<u>118,887</u>	<u>118,887</u>	<u>106,476</u>	<u>12,411</u>
<i>Net Change in Fund Balance</i>	(97)	(97)	25,178	25,275
<i>Fund Balance Beginning of Year</i>	<u>396</u>	<u>396</u>	<u>396</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$299</u></u>	<u><u>\$299</u></u>	<u><u>\$25,574</u></u>	<u><u>\$25,275</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$24,000	\$24,000	\$37,170	\$13,170
Interest	0	0	154	154
<i>Total receipts</i>	<u>24,000</u>	<u>24,000</u>	<u>37,324</u>	<u>13,324</u>
Disbursements				
Transportation	36,651	36,651	37,038	(387)
<i>Total Disbursements</i>	<u>36,651</u>	<u>36,651</u>	<u>37,038</u>	<u>(387)</u>
<i>Net Change in Fund Balance</i>	(12,651)	(12,651)	286	12,937
<i>Fund Balance Beginning of Year</i>	<u>11,460</u>	<u>11,460</u>	<u>11,460</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$1,191)</u>	<u>(\$1,191)</u>	<u>\$11,746</u>	<u>\$12,937</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PARK FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$22,000	\$22,000	\$17,294	(\$4,706)
Interest	0	0	38	38
Miscellaneous	0	0	4,908	4,908
<i>Total receipts</i>	<u>22,000</u>	<u>22,000</u>	<u>22,240</u>	<u>240</u>
Disbursements				
Leisure Time Activities	19,830	19,830	20,625	(795)
<i>Total Disbursements</i>	<u>19,830</u>	<u>19,830</u>	<u>20,625</u>	<u>(795)</u>
<i>Net Change in Fund Balance</i>	2,170	2,170	1,615	(555)
<i>Fund Balance Beginning of Year</i>	<u>(2,169)</u>	<u>(2,169)</u>	<u>(2,169)</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1</u>	<u>\$1</u>	<u>(\$554)</u>	<u>(\$555)</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2006**

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Other Enterprise Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,850	\$110,307	\$7,730	\$126,887
<i>Total Assets</i>	<u>8,850</u>	<u>110,307</u>	<u>7,730</u>	<u>126,887</u>
Net Assets				
Unrestricted	8,850	110,307	7,730	126,887
<i>Total Net Assets</i>	<u>\$8,850</u>	<u>\$110,307</u>	<u>\$7,730</u>	<u>\$126,887</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Other Enterprise Fund	
Operating Receipts				
Charges for Services	\$65,965	\$130,775	\$1,100	\$197,840
Other Operating Receipts	1,674	0	0	1,674
<i>Total Operating Receipts</i>	<u>67,639</u>	<u>130,775</u>	<u>1,100</u>	<u>199,514</u>
Operating Disbursements				
Personal Services	23,331	7,211	0	30,542
Contractual Services	31,869	26,396	0	58,265
Materials and Supplies	33,514	5,116	0	38,630
Other	956	454	40	1,450
<i>Total Operating Disbursements</i>	<u>89,670</u>	<u>39,177</u>	<u>40</u>	<u>128,887</u>
<i>Operating Income (Loss)</i>	<u>(22,031)</u>	<u>91,598</u>	<u>1,060</u>	<u>70,627</u>
Non-Operating Receipts (Disbursements)				
Interest	620	1,054	0	1,674
Principal Payments	0	(31,000)	0	(31,000)
Interest and Fiscal Charges	0	(70,935)	0	(70,935)
<i>Change in Net Assets</i>	<u>(21,411)</u>	<u>(9,283)</u>	<u>1,060</u>	<u>(29,634)</u>
<i>Net Assets Beginning of Year</i>	<u>30,261</u>	<u>119,590</u>	<u>6,670</u>	<u>156,521</u>
<i>Net Assets End of Year</i>	<u>\$8,850</u>	<u>\$110,307</u>	<u>\$7,730</u>	<u>\$126,887</u>

See accompanying notes to the basic financial statements

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Note 1 – Reporting Entity

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

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

A. Primary Government

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

B. Component Units

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

C. Public Entity Risk Pool

The Village participates in the Ohio Government Risk Management Plan (the "Plan") public entity risk pool. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its Members. Note 8 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

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

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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

B. Fund Accounting

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

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, the Street Construction, Maintenance and Repair Fund, and the Park Fund. The Street Construction, Maintenance and Repair Fund receives gasoline tax and motor vehicle license tax monies to construct, maintain, and repair Village streets. The Park Fund receives pool and concession fees from patrons for park operations. 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 other governmental funds of the Village account for other resources whose use is restricted to a particular purpose.

Enterprise Funds

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

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

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

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. 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.

D. Budgetary Process

All funds, except agency 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, department, and object level for all funds.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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.

E. Cash and Cash Equivalents

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

During 2007 and 2006, the Village maintained interest-bearing checking and savings accounts.

Interest earnings are allocated to Village funds according to State statutes. Interest receipts credited to the General Fund during 2007 and 2006 were \$433 and \$413, respectively.

F. Inventory and Prepaid Items

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

G. Accumulated Leave

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

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

J. Long-Term Obligations

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

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for constructing, maintaining and repairing Village streets. 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.

L. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting

In 2005, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2006, the Village implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Compliance

Expenditures exceeded appropriations in the Street Construction, Maintenance and Repair Fund in 2006 and in the Park Fund in 2006 and 2007, in violation of Ohio Rev. Code Section 5705.41(B).

At December 31, 2006, the Park fund had a negative ending fund balance of \$ 554.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

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

Note 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;
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;

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 6 - Deposits and Investments (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$107,191 of the Village's bank balance of \$209,191 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. At December 31, 2006, \$75,198 of the Village's bank balance of \$177,198 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2007 and 2006 for real and public utility property taxes represents collections of the 2006 and 2005 taxes, respectively. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) are for 2007 and 2006 taxes, respectively.

2007 real property taxes are levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2007, are levied after October 1, 2006, and are collected in 2008 with real property taxes.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 7 – Property Taxes (continued)

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$13.15 per \$1,000 of assessed value. The full tax rate for all Village operations for the year ended December 31, 2006, was \$11.70 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	2007	2006
Real Property	\$ 6,089,000	\$ 6,043,790
Public Utility Property	378,620	374,500
Tangible Personal Property	112,940	273,880
Total Assessed Values	<u>\$ 6,580,560</u>	<u>\$ 6,692,170</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 8 – Risk Management

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

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

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

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

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

VILLAGE OF LARUE
MARION COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)

Note 8 – Risk Management (continued)

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$6,862,902	\$6,290,528

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

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional 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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. Members in state and local classifications contributed 9.5 percent of covered payroll in 2007 and 9 percent in 2006.

The Village's contribution rate for 2007 was 13.85 percent and for 2006 was 13.7 percent. For the period January 1 through June 30, 2007, a portion of the Village's contribution equal to 5 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2007, this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent.

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 9 – Defined Benefit Pension Plans (continued)

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006 and 2005 were \$2,548, \$2,081 and \$2,008, respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 to December 31, 2007.

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

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006 and 2005 were \$1,012, \$683 and \$659, respectively. The full amount has been contributed for 2007, 2006 and 2005.

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

**VILLAGE OF LARUE
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 11 – Debt

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
Ball Field Loan	8.75%	\$ 0	\$ 35,000	\$ 4,344	\$ 30,656	\$ 6,069
 <u>Business-type Activities</u>						
USDA Loan #1	4.5%	\$ 1,424,000	\$ 0	\$ 19,000	\$ 1,405,000	\$ 19,000
USDA Loan #2	3.25	183,000	0	3,000	180,000	3,000
OPWC Loan	0%	130,000	0	10,000	120,000	10,000
Total Business-type Activities		<u>\$ 1,737,000</u>	<u>\$ 0</u>	<u>\$ 32,000</u>	<u>\$ 1,705,000</u>	<u>\$ 32,000</u>

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

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

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

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

<u>Year</u>	<u>Ball Park Loan</u>		<u>USDA Loans</u>		<u>OPWC Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 7,447	\$ 2,600	\$ 22,000	\$ 69,075	\$ 10,000	\$ 0
2009	7,447	2,600	23,000	68,122	10,000	0
2010	7,447	2,600	24,000	67,125	10,000	0
2011	7,447	2,600	25,000	66,083	10,000	0
2012	868	216	27,000	64,995	10,000	0
2013-2017	0	0	151,000	306,600	50,000	0
2018-2022	0	0	187,000	270,942	20,000	0
2023-2027	0	0	232,000	226,580	0	0
2028-2032	0	0	288,000	171,243	0	0
2033-2037	0	0	354,000	102,852	0	0
2038-2040	0	0	252,000	22,403	0	0
Totals	<u>\$ 30,656</u>	<u>\$10,616</u>	<u>\$1,585,000</u>	<u>\$1,436,020</u>	<u>\$120,000</u>	<u>\$ 0</u>

VILLAGE OF LARUE
MARION COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)

Note 11 – Debt (continued)

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$608,689 and an unvoted debt margin of \$304,239.

Note 12 – Interfund Transfers

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Park Fund	\$ 3,712
Other Governmental Funds	734
Water Fund	<u>7,500</u>
Total Transfers from the General Fund	<u>\$ 11,946</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of LaRue, Marion County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 31, 2008, wherein we noted 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*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as item 2007-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the Village's management in a separate letter dated October 31, 2008.

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 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 31, 2008.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

October 31, 2008

VILLAGE OF LARUE
MARION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Significant Deficiency / Material Weakness – Financial Reporting

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

An adjustment in the amount of \$35,000 was made to the December 31, 2007 financial statements in the General Fund and Governmental Activities to record loan proceeds and the related disbursement made by the Village's financial institution on behalf of the Village.

The adjustment identified above should be reviewed by the Clerk/Treasurer, Mayor, and Village Council to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Village should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the Village's activity.

Officials' Response:

The Village of LaRue will be taking the necessary steps in the future to ensure that any loans the Village obtains will be recorded correctly in the financial statements.

FINDING NUMBER 2007-002

Noncompliance Citation – Timely Depositing

Ohio Rev. Code Section 9.38 provides that public money must be deposited with the Clerk/Treasurer or with the designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of the receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

During 2007 and 2006, the Village's daily pool receipts were not deposited by the business day following the day of receipt on 12 out of 25, or 48% of days selected for testing. The Council did not adopt a policy permitting Village officials to hold monies past the next business day.

Holding significant amounts of cash increases the possibility of loss or theft, and decreases the Council's ability to ensure fiscal responsibility over Village monies. We recommend the Clerk/Treasurer or a designated Village employee deposit all monies received for Village purposes immediately into the Village's designated depository.

Officials' Response:

The Village of LaRue will be taking the necessary steps to ensure that the pool manager deposits all monies the following business day.

**VILLAGE OF LARUE
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Rev. Code Section 5705.41(C) – Expenditures Exceed Appropriations	No	Partially Corrected. Comment is being repeated in the current audit management letter.
2005-002	Ohio Rev. Code Section 5705.36 – Amending Certificate of Estimated Resources	Yes	
2005-003	Recording of Escrow Fund Activity	Yes	
2005-004	Annual Report and Ledger Posting and Classification Errors	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF LARUE

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 17, 2009**