



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF LAURA  
MIAMI COUNTY

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**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Laura (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

October 15, 2002

VILLAGE OF LAURA  
MIAMI COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$13,194				\$13,194
Special Assessments		5,701			5,701
Intergovernmental Receipts	32,095	44,455			76,550
Charges for Services	180	70			250
Fines, Licenses, and Permits	15,340	1,760			17,100
Earnings on Investments	2,260				2,260
Miscellaneous	1,080				1,080
<b>Total Cash Receipts</b>	<b>64,149</b>	<b>51,986</b>			<b>116,135</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	20,743	40,349			61,092
Public Health Services		72			72
Leisure Time Activities	828				828
Community Environment	172				172
Transportation		20,476			20,476
General Government	44,232	121			44,353
Capital Outlay	2,239	2,430			4,669
<b>Total Cash Disbursements</b>	<b>68,214</b>	<b>63,448</b>			<b>131,662</b>
<b>Total Receipts (Under) Disbursements</b>	<b>(4,065)</b>	<b>(11,462)</b>			<b>(15,527)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In		9,667			9,667
Advances-In	1,764				1,764
Transfers-Out	(9,667)				(9,667)
Advances-Out		(1,764)			(1,764)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(7,903)</b>	<b>7,903</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,968)	(3,559)			(15,527)
Fund Cash Balances, January 1	31,669	115,248	323	296	147,536
<b>Fund Cash Balances, December 31</b>	<b>\$19,701</b>	<b>\$111,689</b>	<b>\$323</b>	<b>\$296</b>	<b>\$132,009</b>

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

**VILLAGE OF LAURA  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$104,655		\$104,655
Miscellaneous	826		826
Total Operating Cash Receipts	<u>105,481</u>		<u>105,481</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	16,073		16,073
Contractual Services	36,739	3,178	39,917
Supplies and Materials	17,187	31	17,218
Total Operating Cash Disbursements	<u>69,999</u>	<u>3,209</u>	<u>73,208</u>
Operating Income/(Loss)	<u>35,482</u>	<u>(3,209)</u>	<u>32,273</u>
<b>Non-Operating Cash Receipts:</b>			
Grant		2,500	2,500
Other Non-Operating Receipts		22,701	22,701
Total Non-Operating Cash Receipts		<u>25,201</u>	<u>25,201</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	63,615		63,615
Other Non-Operating Cash Disbursements		20,868	20,868
Total Non-Operating Cash Disbursements	<u>63,615</u>	<u>20,868</u>	<u>84,483</u>
Excess of Receipts Over/(Under) Disbursements	<u>(28,133)</u>	<u>1,124</u>	<u>(27,009)</u>
Fund Cash Balances, January 1	<u>57,564</u>		<u>57,564</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$29,431</u></u>	<u><u>\$1,124</u></u>	<u><u>\$30,555</u></u>

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



**VILLAGE OF LAURA  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$13,432				\$13,432
Special Assessments		5,909			5,909
Intergovernmental Receipts	33,178	46,380			79,558
Fines, Licenses, and Permits	18,036	2,818			20,854
Earnings on Investments	555				555
Miscellaneous	2,773	500			3,273
<b>Total Cash Receipts</b>	<b>67,974</b>	<b>55,607</b>			<b>123,581</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	25,013	17,526			42,539
Community Environment	250				250
Basic Utility Services		536			536
Transportation	5,632	4,641			10,273
General Government	27,080	288			27,368
Capital Outlay	8,482		42		8,524
<b>Total Cash Disbursements</b>	<b>66,457</b>	<b>22,991</b>	<b>42</b>		<b>89,490</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>1,517</b>	<b>32,616</b>	<b>(42)</b>		<b>34,091</b>
<b>Other Financing (Disbursements):</b>					
Other Financing Uses		(176)			(176)
Advances-Out	(7,735)				(7,735)
<b>Total Other Financing (Disbursements)</b>	<b>(7,735)</b>	<b>(176)</b>			<b>(7,911)</b>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,218)	32,440	(42)		26,180
Fund Cash Balances, January 1	37,887	82,808	365	296	121,356
<b>Fund Cash Balances, December 31</b>	<b>\$31,669</b>	<b>\$115,248</b>	<b>\$323</b>	<b>\$296</b>	<b>\$147,536</b>

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

**VILLAGE OF LAURA  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$109,442		\$109,442
<b>Operating Cash Disbursements:</b>			
Personal Services	13,192		13,192
Fringe Benefits	3,069		3,069
Contractual Services	401		401
Supplies and Materials	34,782		34,782
Miscellaneous	216		216
Total Operating Cash Disbursements	<u>51,660</u>		<u>51,660</u>
Operating Income	57,782		57,782
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		28,110	28,110
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	63,497		63,497
Other Non-Operating Cash Disbursements		28,110	28,110
Total Non-Operating Cash Disbursements	<u>63,497</u>	<u>28,110</u>	<u>91,607</u>
Receipts (Under) Disbursements Before Interfund Advances	(5,715)		(5,715)
Advances-In	<u>7,735</u>		<u>7,735</u>
Net Receipts Over Disbursements	2,020		2,020
Fund Cash Balances, January 1	<u>55,544</u>		<u>55,544</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$57,564</u></u>	<u><u>\$0</u></u>	<u><u>\$57,564</u></u>

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

**VILLAGE OF LAURA  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Laura, Miami County, (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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 disbursements, respectively.

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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

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

**VILLAGE OF LAURA  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**State Highway Fund** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing of State highways within the Village.

**Cops Fast Grant Fund** - This fund receives federal funds from the U.S. Department of Justice to train and support additional Village police officers.

**Mayor's Court Computerization Fund** - This fund receives a portion of fines levied by the Village Mayor's Court for computerization of the court's accounting system.

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

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

**OWDA Sewer Improvement Fund** - This fund receives the proceeds of OWDA loans and grants for sewer improvement projects.

**4. Enterprise Funds**

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

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

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

**Sewer Replacement Fund** - This fund receives revenue from the Sewer Fund for repair and replacement of sewer system components.

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

**Don E. Carroll (Expendable Trust Fund)** – This fund receives donations for the purpose of erecting and maintaining a Veterans Memorial in the Village.

**Mayor's Court Fund (Agency Fund)** - This fund records the financial activity of the Village Mayor's Court.

**VILLAGE OF LAURA  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

The Village did not encumber expenditure commitments as required by ORC 5705.41(D).

A summary of 2000 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**VILLAGE OF LAURA  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2001	2000
Demand deposits	\$156,510	\$197,426
Certificates of deposit	6,054	7,674
Total deposits	\$162,564	\$205,100

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$64,149	\$64,149
Special Revenue	0	61,653	61,653
Enterprise	0	105,481	105,481
Total	\$0	\$231,283	\$231,283

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$77,881	(\$77,881)
Special Revenue	0	63,448	(63,448)
Enterprise	0	133,614	(133,614)
Total	\$0	\$274,943	(\$274,943)

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,188	\$67,974	(\$23,214)
Special Revenue	53,177	55,607	2,430
Capital Projects	0	0	0
Enterprise	128,000	109,442	(18,558)
Total	\$272,365	\$233,023	(\$39,342)

**VILLAGE OF LAURA  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$66,457	(\$66,457)
Special Revenue	0	23,167	(23,167)
Capital Projects	0	42	(42)
Enterprise	0	115,157	(115,157)
Total	\$0	\$204,823	(\$204,823)

The Village failed to comply with ORC 5705.36(A)(1) and certify to the County Budget Commission the amount available from all sources for 2001.

The Village failed to comply with ORC 5705.41 and expended funds which were not lawfully appropriated for both 2000 and 2001.

The Village failed to comply with ORC 5705.38(A) and passed the annual appropriation measure for 2001 without obtaining a certificate of estimated resources from the County Budget Commission.

The Village failed to comply with ORC 5705.10 since the Sewer and Cops Fast funds had negative fund balances during 2001.

**4. PROPERTY TAX**

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

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

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

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

**VILLAGE OF LAURA  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2001, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan - Water Improvement	\$24,711	7.86%
Ohio Water Development Authority Loan - Sewer Improvement	510,960	7.5%
Total	\$535,671	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer system improvements. The loans will be repaid in semiannual installments of \$31,808. Amortization of the above debt, including interest, is scheduled as follows:

	OWDA Water Improvement Loan	OWDA Sewer Improvement Loan
Year ending December 31:		
2002	\$3,371	\$28,437
2003	6,742	56,873
2004	6,742	56,873
2005	6,742	56,873
2006	6,743	56,873
2007 – 2011		284,365
2012 – 2016		284,365
2017		56,873
Total	\$30,340	\$881,532

**7. RETIREMENT SYSTEMS**

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 2001, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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



**VILLAGE OF LAURA  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of Laura (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated October 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-30355-001 through 2001-30355-011. We also, noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 15, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-30355-012 through 2001-30355-014.

**Internal Control Over Financial Reporting  
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe items 2001-30355-012 and 2001-30355-013 of the reportable conditions described above to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated October 15, 2002.

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



**Jim Petro**  
Auditor of State

October 15, 2002

**VILLAGE OF LAURA  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Findings preceded by an asterisk (\*) have been repeated from the findings of the Special Audit performed for the Village for the period January 1, 2000 through January 14, 2002, which was issued on September 12, 2002.

**FINDING NUMBER 2001-10355-001**

**Finding For Recovery**

**\*Lisa Terrill, Payroll Overpayment**

Former Village Clerk-Treasurer Lisa Terrill was employed by the Village from December 13, 1999 through January 23, 2002. During this period the Clerk-Treasurer's compensation was miscalculated and she was overpaid \$1,040 based upon the \$750 per month salary in place at the time of her employment and a starting date of December 13, 1999, as documented in the Village record of proceedings.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against former Clerk-Treasurer Lisa Terrill and the Ohio Farmers Insurance Company, her bonding company, jointly and severally, and in favor of the Village of Laura, in the amount of \$1,040.

**FINDING NUMBER 2001-10355-002**

**Finding For Recovery**

**\*Terry Strawser, Payroll Overpayment**

Police Officer Terry Strawser was paid at the Police Sergeant's rate for both 2001 and 2002. According to the Village Ordinance in effect during the period, Officer Strawser should have been paid at the Patrolman's rate for both 2001 and 2002. Since Officer Strawser's compensation was calculated at the higher rate, he was overpaid \$1,149.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Police Officer Terry Strawser and former Clerk-Treasurer Lisa Terrill and the Ohio Farmers Insurance Company, her bonding company, jointly and severally, and in favor of the Village of Laura, in the amount of \$1,149.

**FINDING NUMBER 2001-10355-003**

**Finding For Recovery - Repaid Under Audit**

**\*Steven Terrill, Payroll Overpayment**

During the Period, Police Chief Steven Terrill's compensation was miscalculated by former Clerk-Treasurer Lisa Terrill and he was overpaid \$4,480.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegal expended was considered for Chief Terrill's payroll overpayment in the amount of \$4,480. On May 2, 2002, Chief Terrill repaid the Village \$4,480. As a result, we considered this a Finding Repaid under Audit.

**FINDING NUMBER 2001-10355-004**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (D)** provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Contracts and orders for expenditures lacking prior certification should be null and void.

This Section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

The Village failed to certify the availability of funds prior to incurring the obligation for any disbursement transactions during 2001 and 2000, nor was the exception utilized.

The Village should develop a policies and procedures to improve compliance with this requirement and certify the availability of funds prior to incurring the obligation.

**FINDING NUMBER 2001-10355-005**

**Noncompliance Citation**

**\*Ohio Rev. Code Section 5705.34** states that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1, unless a later date is approved by the tax commissioner.

The Village did not pass an ordinance to authorize the necessary tax levies for 2000 or 2001.

The Village Council should review this section of the Ohio Rev. Code and implement procedures to improve compliance with the requirement.

**FINDING NUMBER 2001-10355-006**

**Noncompliance Citation**

**\*Ohio Rev. Code Section 5705.36 (A) (1)** generally provides that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

For calendar year 2001, the Village did not certify to the county auditor the total amount from all sources which were available for expenditure from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village should develop policies and procedures to ensure the total amount from all sources which is available for expenditures from each fund is certified by the county auditor.

**FINDING NUMBER 2001-10355-007**

**Noncompliance Citation**

**\*Ohio Rev. Code Section 5705.38 (A)** states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for the ordinary expenses until April 1.

The Village did not approve a temporary or permanent appropriation measure during 2000.

The Village Council should develop policies and procedures to promptly adopt and approve appropriation measures each year.

**FINDING NUMBER 2001-10355-008**

**Noncompliance Citation**

**\*Ohio Rev. Code Section 5705.41(B)** outlines the restrictions on the appropriation and expenditure of money by the Village. Subsection B provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

One hundred percent of the monies expended by the Village were not lawfully appropriated for 2000 or 2001.

To comply with this requirement and prevent possible deficit spending, the Village should develop policies and procedures to ensure that monies are appropriated before expended.

**FINDING NUMBER 2001-10355-009**

**Noncompliance Citation**

**\*Ohio Rev. Code Section 117.38** requires each public office other than a state agency, to file a financial report for each fiscal year with the Auditor of State. It further requires that upon filing, the chief fiscal officer shall publish notice in a newspaper of general circulation in the subdivision that the annual financial report has been completed and is available for inspection at the office of the chief fiscal officer.

The Village failed to file the annual report with the Auditor of State or publish notice that the annual reports were available for inspection during both 2000 and 2001.

The Village Council should develop procedures for monitoring compliance with the annual report filing and publication requirements.

**FINDING NUMBER 2001-10355-010**

**Noncompliance Citation**

**Ohio Rev. Code, Section 5705.10** requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of fund.

The Village's Sewer Fund had a negative fund balance of \$9,483 as of December 31, 2001, contrary to this requirement.

The Village should review this Section of the Ohio Rev. Code and implement procedures to improve compliance with the requirement.

**FINDING NUMBER 2001-10355-011**

**Federal Questioned Cost**

**\*CFDA #16.710 - COPS Universal Hiring Program Grant**

OMB Circular A-87, Attachment A, Section C, Basic Guidelines, requires that to be an allowable cost it must, (a) be necessary and reasonable, (b) be authorized or not prohibited under State or local laws or regulations, (c) conform to any limitations or exclusions set forth in these principles, Federal laws, term and conditions of the federal award, or other governing regulations as to types or amounts of cost items, and be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the governmental unit.

On April 1, 1999, the Village was awarded a COPS Universal Hiring Program Grant in the amount of \$75,000 for the period from April 1, 1999 through March 31, 2002, for one new, additional full-time officer. The Village filled the additional full-time position required by the grant by making the existing part-time Police Chief full-time. The COPS Universal Hiring Program Grant monies were used to pay for the salary of the full-time Police Chief and no additional officer was hired contrary to the original grant award. The questioned costs for payments received from the COPS Universal Hiring Program for the period of April 1, 1999 through March 31, 2002, are \$66,500.



## FINDING NUMBER 2001-10355-012

### Material Weakness

#### \*Monitoring Village Financial Activity – Segregation of Duties

The small size of the Village's staff does not allow for an adequate segregation of duties; the Clerk-Treasurer must perform all accounting functions. It is therefore important that Council monitor financial activity closely.

While Council does approve all payment vouchers, there is no documentation of the extent to which the Council uses other financial information to monitor financial activity. Also, due to the lack of monitoring of computerized financial reports, the Council was unaware that as of October 2001, the Clerk-Treasurer had not posted any 2001 financial activity to the computerized accounting records.

To strengthen internal accounting and administrative controls, personnel independent of the financial record-keeping process (such as a finance or audit committee, comprised of members of the Council) should review monthly financial statements and the receipt and disbursement ledgers supporting the statements submitted. To achieve this, the following steps should be performed:

1. Review the monthly bank reconciliations performed by the Clerk-Treasurer to verify that a reconciliation is performed each month between the bank balances and the fund cash balances, verify that the reconciliation includes all active and invested monies under the control of the Village, and review the following month's bank statement to verify that the prior month's reconciling items, such as deposits-in-transit and outstanding checks, were accurately stated.
2. Consider the reasonableness of tax receipts by a comparison of monthly budget-to-actual reports at the council meetings. Also, ensure the reported property tax receipts correspond to supporting documentation.
3. Review billings from retirement systems, payroll withholdings, insurance, and utilities to ensure the obligations of the Village are being paid in a timely manner.
4. Review results of audits and develop plans of action in regards to any noncompliance and control weaknesses identified.

Council should carefully review the aforementioned information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Village. This information can help answer questions such as the following:

1. Are current receipts sufficient to cover expenditures?
2. Are expenditures in line with prior year costs?
3. If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
4. Are anticipated receipts being timely received?
5. Are the Village records and reports maintained and presented in a manner that provides accurate and meaningful information to Council?

When performing such reviews, the officials' signatures or initials and the date should be affixed to the records examined, which should be retained to document such reviews. In addition, the records examined and the conclusions should be noted in the Council minutes each month.

**FINDING NUMBER 2001-10355-013**

**Material Weakness**

**\*Monitoring Utility Department Activities - Segregation of Duties**

The Village of Laura Clerk-Treasurer performs the following duties for the Utility Department:

1. Calculates the billings;
2. Collects over-the-counter monies;
3. Inputs computer data;
4. Deposits revenue with the bank; and
5. Reconciles deposits with receipt records.

This lack of segregation of duties allows for the possibility of manipulation of records or diversion of public funds to private use, which could go undetected during the normal course of business operations.

Because the size of the Village's operation does not allow for an adequate segregation of duties, it is important that Council monitor financial activity closely.

While Council relies on the Board of Public Affairs to monitor the utility financial activity, the Board of Public Affairs was not receiving financial information to monitor such activity. At least monthly, the Clerk-Treasurer should provide the Board of Public Affairs with a detailed customer list of overdue accounts, customer billings, amounts received, and a reconciliation between utility department records and the Village's revenue journal.

The Board of Public Affairs should carefully review the overdue accounts, customer billings, and utility receipts information each month and make appropriate inquiries of the Clerk-Treasurer to help determine the integrity of utility billing and collection information. When performing such reviews, the officials' signatures or initials and the date should be affixed to the records examined, which should be retained to document such reviews. In addition, the records examined and the conclusions reached should be recorded in the Board of Public Affairs minutes each month.

**FINDING NUMBER 2001-10355-014**

**Reportable Condition**

**\*Deposit of Village Receipts**

The public monies received by the Clerk-Treasurer were not deposited in a timely manner and during the Period, up to 74 days had passed from the time funds were received until the time funds were deposited. The lack of timely depositing could result in the misstatement of monthly financial information. It also increases the possibility of the loss or theft of funds on hand and reduces investment income.

The Village's depositing procedures should assure that receipts are deposited on a timely basis. Revenue should be deposited and recorded promptly to avoid the possible misstatement of financial information and to safeguard Village assets.

**VILLAGE OF LAURA  
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-30355-001	Failure to maintain a log of long distance phone calls	Corrected	Finding No Longer valid
1999-30355-002	Failure to document Council review of Village expenditures.	Partially Corrected	Management comment issued regarding Council review of expenditures.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF LAURA**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 7, 2002**