

**VILLAGE OF LARUE
MARION COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022





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

We have reviewed the *Independent Auditor's Report* of the Village of LaRue, Marion County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2024

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**VILLAGE OF LARUE
MARION COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2023 and 2022**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of LaRue, Marion County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
September 30, 2024

VILLAGE OF LARUE, OHIO
MARION COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2023

| | General | Special Revenue | Totals (Memorandum Only) |
|---|-------------------|------------------|-----------------------------|
| Cash Receipts: | | | |
| Property and Other Local Taxes | \$ 70,683 | \$ 5,922 | \$ 76,605 |
| Intergovernmental | 36,234 | 49,879 | 86,113 |
| Fines, Licenses and Permits | 6,914 | - | 6,914 |
| Charges for Services | - | 3,700 | 3,700 |
| Earnings on Investments | 1,058 | 232 | 1,290 |
| Miscellaneous | 11,686 | 2,573 | 14,259 |
| Total Cash Receipts | 126,575 | 62,306 | 188,881 |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 7,840 | - | 7,840 |
| Leisure Time Activities | - | 8,409 | 8,409 |
| Community Environment | 650 | - | 650 |
| Basic Utility Services | 10,022 | - | 10,022 |
| Transportation | - | 42,616 | 42,616 |
| General Government | 68,395 | - | 68,395 |
| Capital Outlay | - | 41,119 | 41,119 |
| Total Cash Disbursements | 86,907 | 92,144 | 179,051 |
| Excess of Receipts Over (Under) Disbursements | 39,668 | (29,838) | 9,830 |
| Other Financing Receipts (Disbursements) | | | |
| Sale of Capital Assets | 3,220 | - | 3,220 |
| Total Other Financing Receipts (Disbursements) | 3,220 | - | 3,220 |
| Net Change in Fund Cash Balances | 42,888 | (29,838) | 13,050 |
| Fund Cash Balances, January 1, 2023 | 130,771 | 114,232 | 245,003 |
| Fund Cash Balances, December 31, 2023 | \$ 173,659 | \$ 84,394 | \$ 258,053 |

See Accompanying Notes to the Financial Statements.

**VILLAGE OF LARUE
MARION COUNTY, OHIO**
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
FUND BALANCES (REGULATORY CASH BASIS)**
PROPRIETARY FUND TYPE
For the Year Ended December 31, 2023

| | <u>Enterprise</u> |
|--|-------------------|
| Operating Receipts: | |
| Charges for Services | \$ <u>304,057</u> |
| Total Operating Receipts | <u>304,057</u> |
| Operating Disbursements: | |
| Personal Services | 50,745 |
| Employee Fringe Benefits | 8,804 |
| Contractual Services | 78,143 |
| Supplies and Materials | <u>15,340</u> |
| Total Operating Disbursements | <u>153,032</u> |
| Operating Income | <u>151,025</u> |
| Non-Operating Receipts/(Disbursements): | |
| Sale of Capital Assets | 2,250,000 |
| Miscellaneous Receipts | 6,122 |
| Capital Outlay | (78,005) |
| Principal Retirement | (1,947,303) |
| Interest and Fiscal Charges | <u>(257,373)</u> |
| Total Nonoperating Receipts/(Disbursements) | <u>(26,559)</u> |
| Net Change in Fund Cash Balances | <u>124,466</u> |
| Fund Cash Balance, January 1, 2023 | <u>435,489</u> |
| Fund Cash Balance, December 31, 2023 | <u>\$ 559,955</u> |

See Accompanying Notes to the Financial Statements.

**Village of LaRue
Marion County**

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of LaRue (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 six-member Council elected at large for four-year terms. The water and sewer utilities are handled by a three-member board that is elected for four-year terms. The Mayor is elected to a four-year term and votes only to break a tie. The Village provides water and sewer utilities, and park operations. The water plant was sold in 2023. The Village contracts with the Marion County Sheriff's Department to provide other security of persons and property services.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organization and a public entity risk pool. Notes 6 and 10 to the financial statements provide additional information for these entities. 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

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction, Maintenance, and Repair Fund This fund receives gasoline tax and motor vehicle license tax monies to construct, maintain, and repair Village streets.

Park and Recreation Fund This fund receives receipts related to pool and rental income to maintain the park and recreation items of the Village.

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

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

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

Sewer Reserve – The sewer reserve fund receives monies to fund the sewer reserve and debt requirements related to the Village's debt covenant.

**Village of LaRue
Marion County**
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies -- Continued

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

**Village of LaRue
Marion County**

Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies – Continued

Fund Balance – (Continued)

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

| 2023 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|-------------------|-----------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 123,000 | \$ 129,795 | \$ 6,795 |
| Special Revenue | 584,700 | 62,306 | (522,394) |
| Enterprise | 2,596,500 | 2,560,179 | (36,321) |

| 2023 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|-------------------------|-------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
| General | \$ 178,339 | \$ 87,365 | \$ 90,974 |
| Special Revenue | 690,528 | 92,428 | 598,100 |
| Enterprise | 2,684,820 | 2,436,331 | 248,489 |

**Village of LaRue
Marion County**
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

| | <u>2023</u> |
|-------------------------------------|------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$618,008 |
| Certificates of deposit | 200,000 |
| Total deposits | <u>\$818,008</u> |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$1,359.22 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Tax

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

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

Note 6 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, 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 sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

**Village of LaRue
Marion County**
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management – Continued

Risk Pool Membership – (continued)

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

| | |
|-----------------|-------------------------|
| Assets | \$ 23,113,696 |
| Liabilities | (<u>16,078,587</u>) |
| Members' Equity | <u> \$ 7,035,109</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2023, OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Village of LaRue
Marion County**
 Notes to the Financial Statements
 For the Year Ended December 31, 2023

Note 9 - Debt

Debt outstanding at December 31, 2023 was as follows:

| | Principal | Rate |
|---------------|----------------------------|-------|
| OWDA (#9523) | \$ 117,181 | 1.54% |
| OWDA (#9522) | 977,377 | 1.54% |
| OPWC (#CP45Y) | 405,960 | 0.00% |
| Total | <u>\$ 1,500,518</u> | |

In 2021, the Village refinanced the USDA sewer loans with OWDA loans #9522 and #9523. Loan #9522 was in the amount of \$1,081,283 and loan #9523 was in the amount of \$129,638. Both loans were for a term of 18 years and have an interest rate of 1.54%.

In 2022, the Village entered into a grant/loan agreement with for the reconstruction of Market Street. The loan obtained was for \$405,960 at 0% for 30 years with semiannual payments of \$6,766.

Amortization

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

| Year Ending December 31: | OPWC #CP45Y | OWDA Loan #9522 | OWDA Loan #9523 |
|-----------------------------|-------------------------|---------------------------|-------------------------|
| 2024 | \$6,766 | \$69,154 | \$8,292 |
| 2025 | 13,532 | 69,154 | 8,292 |
| 2026 | 13,532 | 69,154 | 8,292 |
| 2027 | 13,532 | 69,154 | 8,292 |
| 2028 | 13,532 | 69,154 | 8,292 |
| 2029-2033 | 67,660 | 345,770 | 41,460 |
| 2034-2038 | 67,660 | 345,770 | 41,460 |
| 2039-2043 | 67,660 | 138,308 | 16,585 |
| 2043-2048 | 67,660 | - | - |
| 2049-2053 | 67,660 | - | - |
| 2054 | 6,566 | - | - |
| Total | <u>\$405,760</u> | <u>\$1,175,618</u> | <u>\$140,965</u> |

Note 10 – Jointly Governed Organization

Scioto Valley Joint Fire District

The Scioto Valley Joint Fire District, Marion County, (the District) is a body corporate and politic. A three-member board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of La Rue and the Townships of Bowling Green and Montgomery. The District provides fire protection and rescue services within the District.

Village of LaRue
Marion County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

| Fund Balances | General | Special Revenue |
|--------------------------|---------------------|---------------------|
| Outstanding Encumbrances | \$458 | \$284 |
| <i>Total</i> | <u><u>\$458</u></u> | <u><u>\$284</u></u> |

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

VILLAGE OF LARUE, OHIO
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2022

| | <u>General</u> | <u>Special Revenue</u> | Totals (Memorandum Only) |
|---|-----------------------|------------------------|---|
| Cash Receipts: | | | |
| Property and Other Local Taxes | \$ 64,303 | \$ 14,757 | \$ 79,060 |
| Intergovernmental | 37,108 | 1,313,337 | 1,350,445 |
| Charges for Services | - | 6,782 | 6,782 |
| Fines, Licenses and Permits | 6,087 | - | 6,087 |
| Earnings on Investments | 723 | 137 | 860 |
| Miscellaneous | <u>4,927</u> | - | <u>4,927</u> |
| Total Cash Receipts | 113,148 | 1,335,013 | 1,448,161 |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 6,180 | - | 6,180 |
| Leisure Time Activities | - | 14,825 | 14,825 |
| Community Environment | 15,290 | - | 15,290 |
| Basic Utility Services | 8,646 | - | 8,646 |
| Transportation | - | 52,561 | 52,561 |
| General Government | <u>106,118</u> | - | <u>106,118</u> |
| Capital Outlay | <u>-</u> | <u>1,635,960</u> | <u>1,635,960</u> |
| Total Cash Disbursements | <u>136,234</u> | <u>1,703,346</u> | <u>1,839,580</u> |
| Excess of Receipts Over (Under) Disbursements | (23,086) | (368,333) | (391,419) |
| Other Financing Receipts (Disbursements) | | | |
| Loans Issued | <u>-</u> | <u>405,960</u> | <u>405,960</u> |
| Total Other Financing Receipts (Disbursements) | <u>-</u> | <u>405,960</u> | <u>405,960</u> |
| Net Change in Fund Cash Balances | (23,086) | 37,627 | 14,541 |
| Fund Cash Balances, January 1, 2022 | <u>153,857</u> | <u>76,605</u> | <u>230,462</u> |
| Fund Cash Balances, December 31, 2022 | <u>\$ 130,771</u> | <u>\$ 114,232</u> | <u>\$ 245,003</u> |

**VILLAGE OF LARUE
MARION COUNTY, OHIO**
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES (REGULATORY CASH BASIS)**
PROPRIETARY FUND TYPE
For the Year Ended December 31, 2022

| | Enterprise |
|--|-------------------|
| Operating Receipts: | |
| Charges for Services | \$ <u>385,500</u> |
| Total Operating Receipts | <u>385,500</u> |
| Operating Disbursements: | |
| Personal Services | 52,785 |
| Employee Fringe Benefits | 9,026 |
| Contractual Services | 69,303 |
| Supplies and Materials | <u>44,352</u> |
| Total Operating Disbursements | <u>175,466</u> |
| Operating Income | 210,034 |
| Non-Operating Receipts/(Disbursements): | |
| Intergovernmental | 333,411 |
| Loans Issued | 13,656 |
| Miscellaneous Receipts | 1,200 |
| Capital Outlay | (155,031) |
| Principal Retirement | (136,618) |
| Interest and Fiscal Charges | <u>(43,965)</u> |
| Total Nonoperating Receipts/(Disbursements) | <u>12,653</u> |
| Net Change in Fund Balance | 222,687 |
| Fund Cash Balance, January 1, 2022 - (restated) | <u>212,802</u> |
| Fund Cash Balance, December 31, 2022 | <u>\$ 435,489</u> |

See Accompanying Notes to the Financial Statements.

**Village of LaRue
Marion County**
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of La Rue (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 six-member Council elected at large for four-year terms. The water and sewer utilities are handled by a three-member board that is elected for four-year terms. The Mayor is elected to a four-year term and votes only to break a tie. The Village provides water and sewer utilities, and park operations. The Village contracts with the Marion County Sheriff's Department to provide other security of persons and property services.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organization and a public entity risk pool. Notes 6 and 10 to the financial statements provide additional information for these entities. 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

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction, Maintenance, and Repair Fund This fund receives gasoline tax and motor vehicle license tax monies to construct, maintain, and repair Village streets.

Park and Recreation Fund This fund receives receipts related to pool and rental income to maintain the park and recreation items of the Village.

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

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

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

Sewer Reserve – The sewer reserve fund receives monies to fund the sewer reserve and debt requirements related to the Village's debt covenant.

**Village of LaRue
Marion County**
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies -- Continued

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Fund Balance

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

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

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

**Village of LaRue
Marion County**

Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies – Continued

Fund Balance - Continued

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|-------------------|-----------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 123,000 | \$ 113,148 | \$ (9,852) |
| Special Revenue | 1,887,896 | 1,740,973 | (146,923) |
| Enterprise | 634,000 | 733,767 | 99,767 |

| 2022 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|-------------------------|-------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
| General | \$ 185,443 | \$ 136,748 | \$ 48,695 |
| Special Revenue | 1,983,072 | 1,703,682 | 279,390 |
| Enterprise | 549,831 | 511,891 | 37,940 |

Village of LaRue
Marion County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

| | 2022 |
|-------------------------------------|-------------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$680,492 |
| Total deposits | <u><u>\$680,492</u></u> |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$1,657.65 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Tax

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

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

Note 6 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, 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 sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

**Village of LaRue
Marion County**
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management – (Continued)

Risk Pool Membership – (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

| | |
|-----------------|---------------------|
| Assets | \$ 21,662,291 |
| Liabilities | <u>(18,158,351)</u> |
| Members' Equity | <u>\$ 3,503,940</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2022, OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Village of LaRue
Marion County**
 Notes to the Financial Statements
 For the Year Ended December 31, 2022

Note 9 - Debt

Debt outstanding at December 31, 2022 was as follows:

| | Principal | Rate |
|---------------|----------------------------|-------|
| OWDA (#9523) | \$ 123,593 | 1.54% |
| OWDA (#9522) | 1,030,862 | 1.54% |
| OPWC (#CP26N) | 129,797 | 0.00% |
| OWDA (#8979) | 274,650 | 0.00% |
| OWDA (#6002) | 1,388,189 | 1.50% |
| OWDA (#7962) | 70,174 | 0.56% |
| OWDA (#8384) | 24,596 | 0.92% |
| OPWC (#CP45Y) | 405,960 | 0.00% |
| Total | <u>\$ 3,447,821</u> | |

In 2011, the Village entered into a grant/loan agreement with the Ohio Public Works Commission (OPWC) for the LaRue Water System Improvements, totaling \$455,000. \$250,000 was awarded in the form of a grant, with the remaining \$205,000 being a loan. As of December 31, 2012, the Village had completed the project and borrowed \$189,947. This loan is secured by water receipts.

In 2013, the Village entered into a loan agreement (#6002) with the Ohio Water Development Authority (OWDA) for assistance with the expansion and improvement of the Water Treatment Plant, well field, and distribution systems. The total loan amount was \$1,848,093 with an interest rate of 1.50 percent. This loan includes funds to pay off the 2011 loan agreement with OWDA, totaling \$523,918.

In 2018, the Village obtained a loan (#7962) from OWDA to cover water-related expenses and equipment. The total approved amount of the loan is \$90,622 with an interest rate of 0.56 percent. An amortization schedule is not yet available for this loan.

In 2019, the Village obtained a loan (#8384) from OWDA to cover plant equipment and north well repairs. The total approved amount of the loan is \$31,922 with an interest rate of 0.92 percent.

In 2021, the Village also entered into a grant/loan agreement for the construction of a water tower. OWDA loan #8979 at 0% for 30 years from July 2022 – January 2052 for \$336,109. OWDA also granted money for non-principal forgiveness for \$330,492.

In 2021, the Village refinanced the USDA sewer loans with OWDA. The Village now has 2 loans with OWDA #9523 in the amount of \$129,638 and loan # 9522 in the amount of \$1,081,283. Both loans have an interest rate of 1.54%.

In 2022, the Village obtained financing and grants to complete Market Street Repaving through OPWC. The loans and grants will be finalized in 2023. There is not amortization schedule yet.

Village of LaRue
Marion County
 Notes to the Financial Statements
 For the Year Ended December 31, 2022

Note 9 – Debt – (Continued)

Amortization

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

| Year Ending December 31: | OPWC #CP26N | OWDA #6002 | OWDA #7962 | OWDA #9522 | OWDA #9523 | OWDA #8384 | OWDA #8979 |
|-----------------------------|------------------|--------------------|-----------------|--------------------|------------------|-----------------|------------------|
| 2023 | \$6,332 | \$77,307 | \$4,733 | \$69,154 | \$8,292 | \$2,258 | \$4,735 |
| 2024 | 6,332 | 77,307 | 4,733 | 69,154 | 8,292 | 2,258 | 9,470 |
| 2025 | 6,332 | 77,307 | 4,733 | 69,154 | 8,292 | 2,258 | 9,470 |
| 2026 | 6,332 | 77,307 | 4,733 | 69,154 | 8,292 | 2,258 | 9,470 |
| 2027 | 6,332 | 77,307 | 4,733 | 69,154 | 8,292 | 2,258 | 9,470 |
| 2028-2032 | 31,658 | 386,535 | 23,665 | 345,770 | 41,460 | 11,290 | 47,350 |
| 2033-2037 | 31,658 | 386,535 | 23,665 | 345,770 | 41,460 | 4,516 | 47,350 |
| 2036-2042 | 31,658 | 386,535 | 4,733 | 207,462 | 41,460 | - | 47,350 |
| 2043-2047 | 3,163 | 115,960 | - | - | - | - | 47,350 |
| 2048-2052 | - | - | - | - | - | - | 42,635 |
| Total | <u>\$129,797</u> | <u>\$1,662,100</u> | <u>\$75,728</u> | <u>\$1,244,772</u> | <u>\$165,840</u> | <u>\$27,096</u> | <u>\$274,650</u> |

Note 10 – Jointly Governed Organization

Scioto Valley Joint Fire District

The Scioto Valley Joint Fire District, Marion County, (the District) is a body corporate and politic. A three-member board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of La Rue and the Townships of Bowling Green and Montgomery. The District provides fire protection and rescue services within the District.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

| Fund Balances | Special Revenue | |
|--------------------------|--------------------|--------------|
| | General | Revenue |
| Outstanding Encumbrances | \$514 | \$336 |
| <i>Total</i> | <u>\$514</u> | <u>\$336</u> |

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Village of LaRue
Marion County**
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 13 – Restated Fund Balance

The Village corrected an error made prior to 2022 in 2022. Therefore, the beginning fund balance for 2022 is restated as follows:

| | Proprietary Fund |
|--|-------------------------|
| Fund Balance as previously reported | <u>\$212,714</u> |
| Adjustment for checks written prior to 2022 and voided in 2022 | <u>88</u> |
| Restated Fund Balance | <u><u>\$212,802</u></u> |

Note 14 – Subsequent Event

The Village's water plant was sold in August 2023.

**INDEPENDENT AUDITOR'S 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, Ohio 43332

To the Village Council:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements of the Village of LaRue, Marion County, (the Village) and have issued our report thereon dated September 30, 2024, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a material weakness.

Village of LaRue
Marion County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2023-002 and 2023-003.

We also noted matters not requiring inclusion in this report that were reported to the Village's management in a separate letter dated September 30, 2024.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of This Report

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
September 30, 2024

VILLAGE OF LARUE
MARION COUNTY
Schedule of Findings
December 31, 2023 and 2022

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

Finding Number 2023-001 – Material Weakness

Audit Adjustments, Reclassifications and Notes to the Financial Statements

During 2023 and 2022, errors were noted in the Village's financial statements that required audit adjustments, reclassifications, and revision to the notes to the financial statements, the most significant of which are as follows:

- In 2023, the purchase of a \$200,000 certificate of deposit was erroneously recorded as a capital outlay expenditure.
- In 2022, a receipt of \$189,000 from the Morrow County was erroneously recorded as Other Miscellaneous-Operating rather than Intergovernmental.
- The sale of the water plant for \$2,250,000 was recorded as charges for services rather than the sale of an asset in 2023.
- In 2022 grants totaling \$1,031,788 were erroneously recorded as loans issued. In addition, a \$342,623 grant for an on behalf of payment for a capital outlay was not recorded.
- Rollback and homestead receipts were recorded as real estate taxes instead of intergovernmental receipts in the amount of \$10,211 and \$11,482 for 2023 and 2022.
- In 2022, COVID-19 receipts totaling \$37,545 were erroneously recorded to other financing sources.
- In 2023, \$41,118 of expenses were misclassified as other financing uses rather than capital outlay.
- In 2022, the cost of a major road reconstruction project of \$1,293,337 was recorded as a transportation disbursement rather than a capital outlay disbursement.
- In 2022, a loan payment for \$1,375 was erroneously paid from the general fund and special revenue fund for \$917 and \$458, respectively, rather than the proprietary fund.
- The notes to the financial statements included incorrect information and excluded required disclosures.

The accompanying financial statements and the Village's records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officer's Handbook, the Uniform Accounting Network Manual, sample notes to the financial statements at <https://ohioauditor.gov> and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management's Response:

See Corrective Action Plan on page 28.

VILLAGE OF LARUE
MARION COUNTY
Schedule of Findings - Continued
December 31, 2023 and 2022

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

Finding Number 2023-002 – Material Noncompliance

Appropriations Exceeded Estimated Resources

Ohio Revised Code Section 5705.39 states, in part, that “... The total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure there from, as certified by the budget commission...” Contrary to this requirement, the following funds had total appropriations in excess of estimated receipts plus carryover balances:

| 2022 | | | |
|---|---------------------|----------------|------------|
| Fund | Estimated Resources | Appropriations | Variance |
| Street Construction, Maintenance and Repair | \$1,858,784 | \$1,877,550 | \$(18,766) |
| Coronavirus Relief Fund | \$74,792 | \$75,396 | \$(604) |

We recommend that the Fiscal Officer enter budgetary information only from appropriation resolutions approved by Village Council and certified by the County Auditor. We also recommend the Fiscal Officer and Council monitor budgetary activity and amend the budget as necessary. These amounts are not material but we noted that there was noncompliance throughout the audit period.

Management's Response:

See Corrective Action Plan on page 28.

Finding Number 2023-003 – Material Noncompliance

Expenditures Exceeded Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated. We noted the following fund had expenditures plus encumbrances that exceeded appropriations at December 31, 2022:

| Fund | Approved Appropriations | Budgetary Disbursements | Variance |
|-----------------|-------------------------|-------------------------|-----------|
| Sewer Operating | \$141,137 | \$150,380 | \$(9,243) |

We noted that this variance was caused mostly by management not posting budgetary amendments to the UAN system. Expenditures for each fund should not exceed appropriations. Failure to follow approved budgets could lead to overspending and the possibility of negative fund balances. To ensure expenditures do not exceed appropriations, the Village should post budgetary amendments to the UAN system timely and monitor its financial activity periodically and amend its budgets when necessary. We noted this has been a material noncompliance finding in prior audits.

Management's Response:

See Corrective Action Plan on Page 28.

**VILLAGE OF LARUE
MARION COUNTY**
For the Years Ended December 31, 2023 and 2022

SCHEDULE OF PRIOR AUDIT FINDINGS – PREPARED BY MANAGEMENT

| FINDING NUMBER | FINDING SUMMARY | STATUS | ADDITIONAL INFORMATION |
|----------------|--|--|------------------------|
| 2021-001 | Noncompliance and Material Weakness – Debt Covenants | Refinanced in 2020, so no longer applicable. | |
| 2021-002 | Noncompliance and Material Weakness – Audit Adjustments, Reclassifications and Notes to the Financial Statements | Not Corrected | |
| 2021-003 | Material Noncompliance – Expenditures exceeded appropriations | Partially Corrected | |

**VILLAGE OF LARUE
MARION COUNTY**
For the Years Ended December 31, 2023 and 2022

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|-----------------------|---|------------------------------------|-----------------------------------|
| 2023-001 | The Village Clerk will set up accounts in UAN that are needed to properly record all transactions. The Village Clerk will also review the Village Officer's Handbook and other Auditor of State guidance as references when recording transactions. | December 2024 | Mary Price, Village Clerk |
| 2023-002 | The Fiscal Officer will review budgetary information to ensure appropriations do not exceed estimated resources. | December 2024 | Mary Price, Village Clerk |
| 2023-003 | The Fiscal Officer will record the budget amounts approved by the Council and the County Auditor into UAN and monitor budgetary activity regularly. | December 2024 | Mary Price, Village Clerk |

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LARUE

MARION COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/5/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov