

**VILLAGE OF FORT LORAMIE**

DAYTON REGION, SHELBY COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Fort Loramie  
14 Elm Street  
P.O. Box 10  
Fort Loramie, Ohio 45845

We have reviewed the *Independent Auditors' Report* of the Village of Fort Loramie, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. 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 Fort Loramie is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 16, 2009

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**VILLAGE OF FORT LORAMIE  
SHELBY COUNTY**

**TABLE OF CONTENTS**

<b>Title</b>	<b>Page</b>
Independent Auditors' Report	1
Management Discussion and Analysis	4
<b>Basic Financial Statements for Year Ended December 31, 2008:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets - Cash Basis	13
Statement of Activities - Cash Basis	14
<b>Fund Financial Statements for Ended December 31, 2008:</b>	
<b>Governmental Funds</b>	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	15
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	16
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual - Budget Basis - General Fund	17
Statement of Fund Net Assets - Cash Basis - Proprietary Funds	18
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis - Proprietary Funds	19

**VILLAGE OF FORT LORAMIE  
SHELBY COUNTY**

**TABLE OF CONTENTS**

<b>Title</b>	<b>Page</b>
<b>Basic Financial Statements for Year Ended December 31, 2007:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets - Cash Basis	20
Statement of Activities - Cash Basis	21
<b>Fund Financial Statements for Ended December 31, 2007:</b>	
<b>Governmental Funds</b>	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	22
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	23
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual - Budget Basis - General Fund	24
Statement of Fund Net Assets - Cash Basis - Proprietary Funds	25
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis - Proprietary Funds	26
Notes to the Financial Statements	27
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Governmental Auditing Standards</i>	44

**MANNING & ASSOCIATES CPAS, LLC**  
**6105 NORTH DIXIE DRIVE**  
**DAYTON, OHIO 45414**

**INDEPENDENT AUDITORS' REPORT**

Village of Fort Loramie  
Shelby County  
14 Elm Street  
P.O. Box 10  
Fort Loramie, Ohio 45845

To the Village Mayor and Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and aggregate remaining fund information of the Village of Fort Loramie, Shelby County, Ohio, (the Village), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Fort Loramie, Shelby County, Ohio, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2007, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*. See Note 3 Change in basis of accounting and restatement of fund equity.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2009, 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 agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should be read it in conjunction with this report in assessing the results of our audit.

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

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 11, 2009



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**Village of Fort Loramie**  
**Shelby County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2008 and 2007*  
*Unaudited*

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This discussion and analysis of the Village of Fort Loramie's financial performance provides an overall review of the Government's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Government's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

**Highlights**

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$115,891 or 11 percent, a significant change from the prior year. Business type activities saw an increase in net assets of \$53,339 or 37 percent. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of decreased revenues in 2008; however, cost increases affected most funds.

The Village's general receipts are primarily property and income taxes. These receipts represent 6 percent and 55 percent, respectively, of the total general receipts received for governmental activities during the year. Property and income tax receipts for 2008 changed very little compared to 2007 as development within the Village has been steady. A major drop in interest and the economic slow down were the cause of the decrease in revenues in the General Fund.

With the economy slowing down, the village saw a decrease in income tax receipts and 2008, although slight, is a trend expected to continue into 2009.

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$53,312 or 5 percent, a significant change from the prior year. The fund most affected by the increase was the General Fund, which realized the greatest increase revenues in 2007. Business type activities saw an increase in net assets of \$80,641, an increase of over 100 percent.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 8 percent and 66 percent of the total general receipts received for governmental activities during the year. Property and income tax receipts for 2007 have increased compared to 2006 as development within the Village has increased.

The Water and Sewer Operating funds, the Village's two major business-type activities, are recovering from upgrades to facilities in 2006. The Village also had a large project in the reconstruction of Monterey Drive. This was performed in two phases and funded in part by grants, no interest government funds, and the Village's general funds.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting. The statements are organized so the reader can understand the Village as a financial whole, or as an entire operating entity.

**Village of Fort Loramie**  
**Shelby County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2008 and 2007*  
*Unaudited*

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**Report Components**

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

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

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

**Basis of Accounting**

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

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

**Reporting the Village as a Whole**

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village.

The statement of net assets and the statement of activities reflect how the Government did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well, such as the Village's

**Village of Fort Loramie**  
**Shelby County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2008 and 2007*  
*Unaudited*

---

property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

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

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

Business-Type Activity. The Village has three business-type activities, the provision of water, sewer and solid waste. Business-type activities are financed by a fee charged to the customers receiving the service. The Village has two other business-type funds but they are used for debt reduction; Sewer Retainage Fund is deducted from the sewer fund and the Water Tower Construction Fund is charged as a surcharge on utility bills.

**Reporting the Village's Most Significant Funds**

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

Governmental Funds – Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental fund in 2008 was the General Fund. The Village's major governmental funds in 2007 were the General and Monterey Drive Capital Projects funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has five enterprise funds, the water, sewer, solid waste, sewer retainage fund and water tower construction fund. The Villages major business-type funds are water operating and sewer operating.

**Village of Fort Loramie**  
**Shelby County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2008 and 2007*  
*Unaudited*

---

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Cash and Cash Equivalents	\$913,204	\$1,029,095	\$194,525	\$141,186	\$1,107,729	\$1,170,281
Total Assets	\$913,204	\$1,029,095	\$194,525	\$141,186	\$1,107,729	\$1,170,281
<b>Net Assets</b>						
Restricted for:						
Other Purposes	\$38,580	\$38,062	\$0	\$0	\$38,580	\$38,062
Unrestricted	874,624	991,033	194,525	141,186	1,069,149	1,132,219
Total Net Assets	\$913,204	\$1,029,095	\$194,525	\$141,186	\$1,107,729	\$1,170,281

As mentioned previously, net assets of governmental activities decreased \$ 115,891 or 11 percent during 2008. The primary reasons contributing to the decreases in cash balances are as follows:

- Unanticipated growth slow-down of economy. Resulting in a decrease in income tax revenues. Also the decrease in interest income, the phasing out of personal property and the decrease in local government revenue.
- The Village has also experienced increases in salt, chlorine, and supplies used in the water treatment plant.

In 2007, net assets of governmental activities increased \$ 53,312 or 5 percent. The primary reasons contributing to the increases in cash balances are as follows:

- An increase in local tax receipts over 2006. New construction in recent years has resulted in increases in assessed valuation averaging. Local growth has increased and local wages have also increased, resulting in a higher percentage in income tax receipts compared to 2006.
- The Village has been working to reduce infiltration into the sanitary lines of storm water. This in an effort to reduce cost of treating sanitary. The Village has been funding these projects by grant funds and General Fund monies.

**Village of Fort Loramie**  
**Shelby County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2008 and 2007*  
*Unaudited*

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities, business-type activities and total activities.

	<b>Changes in Net Assets</b>					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$35,310	\$49,455	\$498,311	\$503,475	\$533,621	\$552,930
Operating Grants and Contributions	79,393	81,353	0	0	79,393	81,353
Capital Grants and Contributions	26,906	313,596	0	0	26,906	313,596
Total Program Receipts	<u>141,609</u>	<u>444,404</u>	<u>498,311</u>	<u>503,475</u>	<u>639,920</u>	<u>947,879</u>
General Receipts:						
Property Taxes	111,109	124,526	0	0	111,109	124,526
Income Taxes	1,008,655	1,010,715	0	0	1,008,655	1,010,715
Other Taxes	0	7,090	0	0	0	7,090
Grants and Entitlements Not Restricted						
to Specific Programs	142,110	77,993	0	0	142,110	77,993
Sale of Notes	508,630	205,009	0	20,000	508,630	225,009
Sale of Fixed Assets	5,100	43,500	0	0	5,100	43,500
Earnings on Investments	18,274	56,180	0	0	18,274	56,180
Miscellaneous	12,671	7,162	0	0	12,671	7,162
Total General Receipts	<u>1,806,549</u>	<u>1,532,175</u>	<u>0</u>	<u>20,000</u>	<u>1,806,549</u>	<u>1,552,175</u>
Total Receipts	<u>1,948,158</u>	<u>1,976,579</u>	<u>498,311</u>	<u>523,475</u>	<u>2,446,469</u>	<u>2,500,054</u>
Disbursements:						
Security of Persons and Property:	164,521	155,539	0	0	164,521	155,539
Public Health Services	6,581	6,825	0	0	6,581	6,825
Leisure Time Activities	40,198	31,693	0	0	40,198	31,693
Basic Utilities	77,337	66,904	0	0	77,337	66,904
Transportation	130,574	130,025	0	0	130,574	130,025
General Government	263,954	258,702	0	0	263,954	258,702
Capital Outlay	1,149,810	1,085,503	0	0	1,149,810	1,085,503
Debt Service:						
Principal Retirement	201,818	177,190	0	0	201,818	177,190
Interest and Fiscal Charges	29,256	10,885	0	0	29,256	10,885
Water Operating	0	0	83,653	74,927	83,653	74,927
Sewer Operating	0	0	227,596	216,582	227,596	216,582
Other Enterprise Funds	0	0	133,723	151,325	133,723	151,325
Total Disbursements	<u>2,064,049</u>	<u>1,923,266</u>	<u>444,972</u>	<u>442,834</u>	<u>2,509,021</u>	<u>2,366,100</u>
Increase (Decrease) in Net Assets	(115,891)	53,313	53,339	80,641	(62,552)	133,954
Net Assests, January 1	<u>1,029,095</u>	<u>975,782</u>	<u>141,186</u>	<u>60,545</u>	<u>1,170,281</u>	<u>1,036,327</u>
Net Assests, December 31	<u>\$913,204</u>	<u>\$1,029,095</u>	<u>\$194,525</u>	<u>\$141,186</u>	<u>\$1,107,729</u>	<u>\$1,170,281</u>

**Village of Fort Loramie**  
**Shelby County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2008 and 2007*  
*Unaudited*

---

Program receipts represent only 7.3 percent and 22.5 percent of total receipts for governmental activities for 2008 and 2007, respectively, with the primary sources of revenue generally including restricted intergovernmental receipts such as motor vehicle license and gas tax money, capital grants, and charges for services.

General receipts represent 92.7 and 77.5 percent of the Village's total receipts for 2008 and 2007, respectively, and of this amount more than 55.8 and 66 percent, for 2008 and 2007, respectively, are municipal income taxes. Property taxes at 6.1 and 8.6 percent, Grants and Entitlements at 7.9 and 5.1 percent make up the bulk of the Village's remaining general receipts for 2008 and 2007, respectively. Interest and other receipts are somewhat insignificant and rather unpredictable sources of revenue.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of administration, legal services, fiscal officer and the municipal building, as well as internal services such as payroll and purchasing. These costs do not correspond to direct services to residents; these costs represent more than 12.8 percent and 13.4 percent of governmental activities in 2008 and 2007, respectively.

Security of Persons and Property are the costs of police protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; Transportation is the equipment cost of maintaining the roads; and Basic Utilities general cost of repairs to streets and street lights.

### **Business Type Receipts**

Program receipts for the Village's Business Type Activities represent 100 and 96.2 percent of total business-type revenue in 2008 and 2007, respectively.

The water operation of the Village is relatively small. The Village is in the process of developing a new well field and the construction of a new water treatment plant.

The sewer operation of the Village is comprised of an intergovernmental agency agreement with the Shelby Co. Sewer District and the Village. The Village pumps sewage to the facility and we are charged for our percentage (based on flows to the plant) of operation and maintenance of the plant. The Village also is charged a monthly fee for debt service based on a fixed percentage (based on past averages) and is part of the agreement.

Because of an expansion to the Shelby Co. Sewer District plant, the Village's debt service monthly fee was increased from \$4,609 to \$10,664 in 2007. To defray the additional cost, the Village increased sewer rates in February 2007.

The solid waste fund of the Village is comprised of fees the Village charges for recycling and refuse bags. The receipts and disbursements are equal and the fund usually breaks even.

**Village of Fort Loramie**  
**Shelby County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2008 and 2007*  
*Unaudited*

---

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property at 8.0 and 8.1 percent, basic utility at 3.7 and 3.5 percent and transportation at 6.3 and 6.7 percent of all governmental disbursements for 2008 and 2007, respectively. General government and capital outlay represent the most significant costs with general government expenses at 12.8 and 13.4 and capital outlay at 55.7 and 56.4 percent of all governmental disbursements for 2008 and 2007, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3:

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$263,954	\$260,895	\$258,702	\$252,509
Security of Persons and Property	164,521	162,401	155,539	155,539
Public Health Services	6,581	6,581	6,825	6,825
Leisure Time Activities	40,198	40,198	31,693	31,693
Community Environment	0	(1,650)	0	(1,425)
Basic Utilities	77,337	46,736	66,904	25,067
Transportation	130,574	53,301	130,025	48,672
Capital Outlay	1,149,810	1,122,904	1,085,503	771,907
Principal Retirement	201,818	201,818	177,190	177,190
Interest and Fiscal Charges	29,256	29,256	10,885	10,885
<b>Total Expenses</b>	<b>\$2,064,049</b>	<b>\$1,922,440</b>	<b>\$1,923,266</b>	<b>\$1,478,862</b>

The dependence upon property and income tax receipts is apparent as over 93.1 percent and 76.8 percent of governmental activities are supported through these general receipts in 2008 and 2007, respectively.



**Village of Fort Loramie**  
**Shelby County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2008 and 2007*  
*Unaudited*

---

**The Village's Funds**

**Governmental Funds**

Total governmental funds had receipts of \$1,948,158 and disbursements of \$2,064,049 in 2008. In 2007, total governmental funds had receipts of \$1,976,579 and disbursements of \$1,923,266. The greatest change within governmental funds occurred within the General Fund both years. The fund balance of the General Fund decreased in 2008 as a result of increasing costs and decreasing revenues.

**Business-Type Activities**

Businesses type activities of the Village saw an increase of 38 percent in net assets in 2008 and an 133 percent increase in net assets in 2007. Expenditures in 2008 were up due to the rising cost of supplies and repayment of debt.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund in 2008 and 2007 was the General Fund.

For 2008, budgeted receipts were \$2,002,521 while actual receipts were \$1,847,037. Budgeted expenditures were \$2,886,917 and actual expenditures were \$1,963,446.

For 2007, budgeted receipts were \$1,368,895 while actual receipts were \$1,498,250. Budgeted expenditures were \$2,132,158 and actual expenditures were \$1,614,846.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2008 and 2007, the Village's outstanding debt was \$1,042,185 and \$800,285, respectively. For further information regarding the Government's debt, refer to Note 12 to the basic financial statements.

**Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited funding. We rely heavily on local taxes and while having some industry to support the tax base are constantly reviewing options to attract new business and industry. For 2008, the village experienced a slight decrease in tax revenues in income tax. The economic forecast for 2009, shows a drop of revenue of at least 8% which is reflect in the 2009 financial forecast. Another source of income that has had a significant drop is in interest income, local government revenues and the future fazing out of personal property tax.

**Village of Fort Loramie**  
**Shelby County**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2008 and 2007*  
*Unaudited*

---

The Village's finance committee and treasure will be reviewing sources of revenues to determine if disbursements are exceeding cash flow on a continuing basis.

The Village will be facing the issue of funding for a new water treatment facility. Currently the Village has been reluctant to increase water utility rates but that and other resources will be reviewed in the coming year.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deborah Kremer, Fiscal Officer, 14 Elm Street, Fort Loramie, OH 45845.

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Net Assets - Cash Basis*  
*For the Year Ended December 31, 2008*

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	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 913,204	\$ 194,525	\$ 1,107,729
<i>Total Assets</i>	<u>\$ 913,204</u>	<u>\$ 194,525</u>	<u>\$ 1,107,729</u>
 <b>Net Assets</b>			
Restricted for:			
Other Purposes	\$ 38,580	\$ 0	\$ 38,580
Unrestricted	<u>874,624</u>	<u>194,525</u>	<u>1,069,149</u>
<i>Total Net Assets</i>	<u>\$ 913,204</u>	<u>\$ 194,525</u>	<u>\$ 1,107,729</u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2008

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Security of Persons and Property	\$ 164,521	\$ 0	\$ 2,120	\$ 0	\$ (162,401)	\$ 0	\$ (162,401)
Public Health Services	6,581	0	0	0	(6,581)	0	(6,581)
Leisure Time Activities	40,198	0	0	0	(40,198)	0	(40,198)
Community Environment	0	1,650	0	0	1,650	0	1,650
Basic Utility Services	77,337	30,601	0	0	(46,736)	0	(46,736)
Transportation	130,574	0	77,273	0	(53,301)	0	(53,301)
General Government	263,954	3,059	0	0	(260,895)	0	(260,895)
Capital Outlay	1,149,810	0	0	26,906	(1,122,904)	0	(1,122,904)
Debt Service:							
Principal Retirement	201,818	0	0	0	(201,818)	0	(201,818)
Interest	29,256	0	0	0	(29,256)	0	(29,256)
<b>Total Governmental Activities</b>	<b>\$ 2,064,049</b>	<b>\$ 35,310</b>	<b>\$ 79,393</b>	<b>\$ 26,906</b>	<b>\$ (1,922,440)</b>	<b>\$ 0</b>	<b>\$ (1,922,440)</b>
<b>Business Type Activities</b>							
Water Operating	\$ 83,653	\$ 97,988	\$ 0	\$ 0	\$ 0	\$ 14,335	\$ 14,335
Sewer Operating	227,596	268,296	0	0	0	40,700	40,700
Other Enterprise Funds	133,723	132,027	0	0	0	(1,696)	(1,696)
<b>Total Business Type Activities</b>	<b>444,972</b>	<b>498,311</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,339</b>	<b>53,339</b>
<b>Total Primary Government</b>	<b>\$ 2,509,021</b>	<b>\$ 533,621</b>	<b>\$ 79,393</b>	<b>\$ 26,906</b>	<b>\$ (1,922,440)</b>	<b>\$ 53,339</b>	<b>\$ (1,869,101)</b>
<b>General Receipts</b>							
Property Taxes					\$ 111,109	\$ 0	\$ 111,109
Municipal Income Taxes					1,008,655	0	1,008,655
Grant and Entitlements not Restricted to Specific Programs					142,110	0	142,110
Sale of Notes					508,630	0	508,630
Sale of Fixed Assets					5,100	0	5,100
Earnings on Investments					18,274	0	18,274
Miscellaneous					12,671	0	12,671
<b>Total General Receipts</b>					<b>1,806,549</b>	<b>0</b>	<b>1,806,549</b>
Change in Net Assets					(115,891)	53,339	(62,552)
Net Assets Beginning of Year					1,029,095	141,186	1,170,281
Net Assets End of Year					\$ 913,204	\$ 194,525	\$ 1,107,729

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

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	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 874,624	\$ 38,580	\$ 913,204
<i>Total Assets</i>	\$ 874,624	\$ 38,580	\$ 913,204
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	\$ 38,732	\$ 91	\$ 38,823
Unreserved, Undesignated, Reported in:			
General Fund	835,892	0	835,892
Special Revenue Funds	0	38,489	38,489
<i>Total Fund Balances</i>	\$ 874,624	\$ 38,580	\$ 913,204

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$ 111,109	\$ 0	\$ 111,109
Municipal Income Taxes	1,008,655	0	1,008,655
Intergovernmental	156,206	92,203	248,409
Special Assessments	30,601	0	30,601
Charges for Services	1,479	0	1,479
Fines, Licenses and Permits	3,230	0	3,230
Earnings on Investments	17,986	288	18,274
Miscellaneous	12,671	0	12,671
<i>Total Receipts</i>	<u>\$ 1,341,937</u>	<u>\$ 92,491</u>	<u>\$ 1,434,428</u>
<b>Disbursements</b>			
Current:			
Security of Persons and Property	\$ 164,521	\$ 0	\$ 164,521
Public Health Services	6,581	0	6,581
Leisure Time Activities	40,198	0	40,198
Basic Utility Services	77,337	0	77,337
Transportation	55,243	75,331	130,574
General Government	263,954	0	263,954
Capital Outlay	1,124,538	25,272	1,149,810
Debt Service:			
Principal Retirement	201,818	0	201,818
Interest and Fiscal Charges	29,256	0	29,256
<i>Total Disbursements</i>	<u>\$ 1,963,446</u>	<u>\$ 100,603</u>	<u>\$ 2,064,049</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(621,509)	(8,112)	(629,621)
<b>Other Financing Sources (Uses)</b>			
Sale of Notes	500,000	8,630	508,630
Sale of Fixed Assets	5,100	0	5,100
<i>Total Other Financing Sources (Uses)</i>	<u>505,100</u>	<u>8,630</u>	<u>513,730</u>
<i>Net Change in Fund Balances</i>	(116,409)	518	(115,891)
<i>Fund Balances Beginning of Year</i>	<u>991,033</u>	<u>38,062</u>	<u>1,029,095</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 874,624</u></u>	<u><u>\$ 38,580</u></u>	<u><u>\$ 913,204</u></u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 126,300	\$ 126,300	\$ 111,109	\$ (15,191)
Municipal Income Taxes	1,035,000	1,035,000	1,008,655	(26,345)
Intergovernmental	145,333	145,333	156,206	10,873
Special Assessments	44,088	44,088	30,601	(13,487)
Charges for Services	3,500	3,500	1,479	(2,021)
Fines, Licenses and Permits	5,300	5,300	3,230	(2,070)
Earnings on Investments	55,000	55,000	17,986	(37,014)
Miscellaneous	5,000	5,000	12,671	7,671
<i>Total receipts</i>	<u>\$ 1,419,521</u>	<u>\$ 1,419,521</u>	<u>\$ 1,341,937</u>	<u>\$ (77,584)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	\$ 175,099	\$ 175,099	\$ 164,521	\$ 10,578
Public Health Services	6,581	6,581	6,581	0
Leisure Time Activities	41,151	41,151	40,198	953
Basic Utility Services	90,678	90,678	77,337	13,341
Transportation	67,018	67,018	55,243	11,775
General Government	981,521	981,521	254,706	726,815
Capital Outlay	1,274,938	1,274,938	1,124,538	150,400
Debt Service:				
Principal Retirement	97,742	97,742	88,133	9,609
Interest and Fiscal Charges	152,189	152,189	152,189	0
<i>Total Disbursements</i>	<u>\$ 2,886,917</u>	<u>\$ 2,886,917</u>	<u>\$ 1,963,446</u>	<u>\$ 923,471</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,467,396)</u>	<u>(1,467,396)</u>	<u>(621,509)</u>	<u>845,887</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Bonds	\$ 563,000	\$ 563,000	\$ 500,000	\$ (63,000)
Sale of Fixed Assets	20,000	20,000	5,100	(14,900)
<i>Total Other Financing Sources (Uses)</i>	<u>583,000</u>	<u>583,000</u>	<u>505,100</u>	<u>(77,900)</u>
<i>Net Change in Fund Balance</i>	(884,396)	(884,396)	(116,409)	767,987
<i>Fund Balance Beginning of Year</i>	829,978	829,978	829,978	0
<i>Prior Year Encumbrances Appropriated</i>	161,055	161,055	161,055	0
<i>Fund Balance End of Year</i>	<u>\$ 106,637</u>	<u>\$ 106,637</u>	<u>\$ 874,624</u>	<u>\$ 767,987</u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Proprietary Funds*  
*For the Year Ended December 31, 2008*

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	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ <u>59,274</u>	\$ <u>114,872</u>	\$ <u>20,379</u>	\$ <u>194,525</u>
<i>Total Assets</i>	\$ <u><u>59,274</u></u>	\$ <u><u>114,872</u></u>	\$ <u><u>20,379</u></u>	\$ <u><u>194,525</u></u>
<b>Net Assets:</b>				
Unrestricted	\$ <u>59,274</u>	\$ <u>114,872</u>	\$ <u>20,379</u>	\$ <u>194,525</u>
<i>Total Net Assets</i>	\$ <u><u>59,274</u></u>	\$ <u><u>114,872</u></u>	\$ <u><u>20,379</u></u>	\$ <u><u>194,525</u></u>

See accompanying notes to the basic financial statements



**Village of Fort Loramie**  
**Shelby County**  
*Statement of Cash Receipts,*  
*Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2008*

	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>				
Charges for Services	\$ 97,988	\$ 268,296	\$ 132,028	\$ 498,312
<i>Total Operating Receipts</i>	<u>\$ 97,988</u>	<u>\$ 268,296</u>	<u>\$ 132,028</u>	<u>\$ 498,312</u>
<b>Operating Disbursements</b>				
Personal Services	\$ 25,901	\$ 12,848	\$ 0	\$ 38,749
Contractual Services	35,649	187,349	43,367	266,365
Supplies and Materials	15,474	3,752	0	19,226
Other	650	0	0	650
<i>Total Operating Disbursements</i>	<u>\$ 77,674</u>	<u>\$ 203,949</u>	<u>\$ 43,367</u>	<u>\$ 324,990</u>
<i>Operating Income (Loss)</i>	<u>20,314</u>	<u>64,347</u>	<u>88,661</u>	<u>173,322</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Capital Outlay	\$ (5,979)	\$ (23,647)	\$ 0	\$ (29,626)
Debt Service:				
Principal Payments	0	0	(64,912)	(64,912)
Interest and Fiscal Charges	0	0	(25,445)	(25,445)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(5,979)</u>	<u>(23,647)</u>	<u>(90,357)</u>	<u>(119,983)</u>
<i>Change in Net Assets</i>	14,335	40,700	(1,696)	53,339
<i>Net Assets Beginning of Year</i>	<u>44,939</u>	<u>74,172</u>	<u>22,075</u>	<u>141,186</u>
<i>Net Assets End of Year</i>	<u>\$ 59,274</u>	<u>\$ 114,872</u>	<u>\$ 20,379</u>	<u>\$ 194,525</u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Net Assets - Cash Basis*  
*For the Year Ended December 31, 2007*

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	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,029,095</u>	\$ <u>141,186</u>	\$ <u>1,170,281</u>
<i>Total Assets</i>	\$ <u><u>1,029,095</u></u>	\$ <u><u>141,186</u></u>	\$ <u><u>1,170,281</u></u>
 <b>Net Assets</b>			
Restricted for:			
Other Purposes	\$ 38,062	\$ 0	\$ 38,062
Unrestricted	<u>991,033</u>	<u>141,186</u>	<u>1,132,219</u>
<i>Total Net Assets</i>	\$ <u><u>1,029,095</u></u>	\$ <u><u>141,186</u></u>	\$ <u><u>1,170,281</u></u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2007*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash	Charges	Operating	Capital Grants	Governmental	Business-Type	Total
	<u>Disbursements</u>	<u>for Services and Sales</u>	<u>Grants and Contributions</u>	<u>and Contributions</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
Security of Persons and Property	\$ 155,539	\$ 0	\$ 0	\$ 0	\$ (155,539)	\$ 0	\$ (155,539)
Public Health Services	6,825	0	0	0	(6,825)	0	(6,825)
Leisure Time Activities	31,693	0	0	0	(31,693)	0	(31,693)
Community Environment	0	1,425	0	0	1,425	0	1,425
Basic Utility Services	66,904	41,837	0	0	(25,067)	0	(25,067)
Transportation	130,025	0	81,353	0	(48,672)	0	(48,672)
General Government	258,702	6,193	0	0	(252,509)	0	(252,509)
Capital Outlay	1,085,503	0	0	313,596	(771,907)	0	(771,907)
Debt Service:							
Principal Retirement	177,190	0	0	0	(177,190)	0	(177,190)
Interest	10,885	0	0	0	(10,885)	0	(10,885)
<i>Total Governmental Activities</i>	<u>\$ 1,923,266</u>	<u>\$ 49,455</u>	<u>\$ 81,353</u>	<u>\$ 313,596</u>	<u>\$ (1,478,862)</u>	<u>\$ 0</u>	<u>\$ (1,478,862)</u>
<b>Business Type Activities</b>							
Water Operating	\$ 74,927	\$ 95,235	\$ 0	\$ 0	\$ 0	\$ 20,308	\$ 20,308
Sewer Operating	216,582	279,242	0	0	0	62,660	62,660
Other Enterprise Funds	151,325	128,998	0	0	0	(22,327)	(22,327)
<i>Total Business Type Activities</i>	<u>442,834</u>	<u>503,475</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60,641</u>	<u>60,641</u>
<i>Total Primary Government</i>	<u>\$ 2,366,100</u>	<u>\$ 552,930</u>	<u>\$ 81,353</u>	<u>\$ 313,596</u>	<u>\$ (1,478,862)</u>	<u>\$ 60,641</u>	<u>\$ (1,418,221)</u>
<b>General Receipts</b>							
Property Taxes					\$ 124,526	\$ 0	\$ 124,526
Municipal Income Taxes					1,010,715	0	1,010,715
Other Taxes					7,090	0	7,090
Grant and Entitlements not Restricted to Specific Programs					77,993	0	77,993
Sale of Notes					205,009	20,000	225,009
Sale of Fixed Assets					43,500	0	43,500
Earnings on Investments					56,180	0	56,180
Miscellaneous					7,162	0	7,162
Total General Receipts					1,532,175	20,000	1,552,175
Change in Net Assets					53,313	80,641	133,954
Net Assets Beginning of Year					975,782	60,545	1,036,327
Net Assets End of Year					<u>\$ 1,029,095</u>	<u>\$ 141,186</u>	<u>\$ 1,170,281</u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

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	General	Monterey Drive Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 991,033	\$ 0	\$ 38,062	\$ 1,029,095
<i>Total Assets</i>	<u>\$ 991,033</u>	<u>\$ 0</u>	<u>\$ 38,062</u>	<u>\$ 1,029,095</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$ 161,055	\$ 0	\$ 2,391	\$ 163,446
Unreserved, Undesignated, Reported in:				
General Fund	829,978	0	0	829,978
Special Revenue Funds	<u>0</u>	<u>0</u>	<u>35,671</u>	<u>35,671</u>
<i>Total Fund Balances</i>	<u>\$ 991,033</u>	<u>\$ 0</u>	<u>\$ 38,062</u>	<u>\$ 1,029,095</u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Monterey Drive Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 131,616	\$ 0	\$ 0	\$ 131,616
Municipal Income Taxes	1,010,715	0	0	1,010,715
Intergovernmental	77,993	313,596	81,353	472,942
Special Assessments	41,837	0	0	41,837
Charges for Services	2,368	0	0	2,368
Fines, Licenses and Permits	5,250	0	0	5,250
Earnings on Investments	54,809	0	1,371	56,180
Miscellaneous	7,162	0	0	7,162
<i>Total Receipts</i>	<u>\$ 1,331,750</u>	<u>\$ 313,596</u>	<u>\$ 82,724</u>	<u>\$ 1,728,070</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	\$ 155,539	\$ 0	\$ 0	\$ 155,539
Public Health Services	6,825	0	0	6,825
Leisure Time Activities	31,693	0	0	31,693
Basic Utility Services	66,904	0	0	66,904
Transportation	58,144	0	71,881	130,025
General Government	258,702	0	0	258,702
Capital Outlay	687,909	395,605	1,989	1,085,503
Debt Service:				
Principal Retirement	177,190	0	0	177,190
Interest and Fiscal Charges	10,885	0	0	10,885
<i>Total Disbursements</i>	<u>\$ 1,453,791</u>	<u>\$ 395,605</u>	<u>\$ 73,870</u>	<u>\$ 1,923,266</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(122,041)	(82,009)	8,854	(195,196)
<b>Other Financing Sources (Uses)</b>				
Sale of Notes	123,000	82,009	0	205,009
Sale of Fixed Assets	43,500	0	0	43,500
<i>Total Other Financing Sources (Uses)</i>	<u>166,500</u>	<u>82,009</u>	<u>0</u>	<u>248,509</u>
<i>Net Change in Fund Balances</i>	44,459	0	8,854	53,313
<i>Fund Balances Beginning of Year</i>	<u>946,574</u>	<u>0</u>	<u>29,208</u>	<u>975,782</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 991,033</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 38,062</u></u>	<u><u>\$ 1,029,095</u></u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 122,100	\$ 122,100	\$ 131,616	\$ 9,516
Municipal Income Taxes	922,000	922,000	1,010,715	88,715
Intergovernmental	76,700	76,700	77,993	1,293
Special Assessments	48,095	48,095	41,837	(6,258)
Charges for Services	10,000	10,000	2,368	(7,632)
Fines, Licenses and Permits	3,000	3,000	5,250	2,250
Earnings on Investments	35,000	35,000	54,809	19,809
Miscellaneous	7,000	7,000	7,162	162
<i>Total receipts</i>	<u>\$ 1,223,895</u>	<u>\$ 1,223,895</u>	<u>\$ 1,331,750</u>	<u>\$ 107,855</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	\$ 159,600	\$ 159,600	\$ 155,539	\$ 4,061
Public Health Services	6,825	6,825	6,825	0
Leisure Time Activities	32,000	32,000	31,693	307
Basic Utility Services	77,175	77,175	76,083	1,092
Transportation	61,082	61,082	59,162	1,920
General Government	408,950	408,950	350,428	58,522
Capital Outlay	1,198,451	1,198,451	747,041	451,410
Debt Service:				
Principal Retirement	177,190	177,190	177,190	0
Interest and Fiscal Charges	10,885	10,885	10,885	0
<i>Total Disbursements</i>	<u>\$ 2,132,158</u>	<u>\$ 2,132,158</u>	<u>\$ 1,614,846</u>	<u>\$ 517,312</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(908,263)</u>	<u>(908,263)</u>	<u>(283,096)</u>	<u>625,167</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Notes	\$ 125,000	\$ 125,000	\$ 123,000	\$ (2,000)
Sale of Fixed Assets	20,000	20,000	43,500	23,500
<i>Total Other Financing Sources (Uses)</i>	<u>145,000</u>	<u>145,000</u>	<u>166,500</u>	<u>21,500</u>
<i>Net Change in Fund Balance</i>	(763,263)	(763,263)	(116,596)	646,667
<i>Fund Balance Beginning of Year</i>	843,849	843,849	843,849	0
<i>Prior Year Encumbrances Appropriated</i>	102,725	102,725	102,725	0
<i>Fund Balance End of Year</i>	<u>\$ 183,311</u>	<u>\$ 183,311</u>	<u>\$ 829,978</u>	<u>\$ 646,667</u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Proprietary Funds*  
*For the Year Ended December 31, 2007*

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	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Non-Major Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ <u>44,939</u>	\$ <u>74,172</u>	\$ <u>22,075</u>	\$ <u>141,186</u>
<i>Total Assets</i>	\$ <u><u>44,939</u></u>	\$ <u><u>74,172</u></u>	\$ <u><u>22,075</u></u>	\$ <u><u>141,186</u></u>
<b>Net Assets:</b>				
Unrestricted	\$ <u>44,939</u>	\$ <u>74,172</u>	\$ <u>22,075</u>	\$ <u>141,186</u>
<i>Total Net Assets</i>	\$ <u><u>44,939</u></u>	\$ <u><u>74,172</u></u>	\$ <u><u>22,075</u></u>	\$ <u><u>141,186</u></u>

See accompanying notes to the basic financial statements

**Village of Fort Loramie**  
**Shelby County**  
*Statement of Cash Receipts,*  
*Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2007*

	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>				
Charges for Services	\$ 95,235	\$ 279,242	\$ 128,998	\$ 503,475
<i>Total Operating Receipts</i>	<u>\$ 95,235</u>	<u>\$ 279,242</u>	<u>\$ 128,998</u>	<u>\$ 503,475</u>
<b>Operating Disbursements</b>				
Personal Services	\$ 16,652	\$ 14,851	\$ 0	\$ 31,503
Contractual Services	34,149	188,170	44,780	267,099
Supplies and Materials	22,641	5,162	0	27,803
Other	362	0	0	362
<i>Total Operating Disbursements</i>	<u>\$ 73,804</u>	<u>\$ 208,183</u>	<u>\$ 44,780</u>	<u>\$ 326,767</u>
<i>Operating Income (Loss)</i>	<u>21,431</u>	<u>71,059</u>	<u>84,218</u>	<u>176,708</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Sale of Notes	\$ 0	\$ 0	\$ 20,000	\$ 20,000
Capital Outlay	(1,123)	(8,399)	0	(9,522)
Debt Service:				
Principal Payments	0	0	(78,999)	(78,999)
Interest and Fiscal Charges	0	0	(27,546)	(27,546)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,123)</u>	<u>(8,399)</u>	<u>(86,545)</u>	<u>(96,067)</u>
<i>Change in Net Assets</i>	20,308	62,660	(2,327)	80,641
<i>Net Assets Beginning of Year</i>	<u>24,631</u>	<u>11,512</u>	<u>24,402</u>	<u>60,545</u>
<i>Net Assets End of Year</i>	<u><u>\$ 44,939</u></u>	<u><u>\$ 74,172</u></u>	<u><u>\$ 22,075</u></u>	<u><u>\$ 141,186</u></u>

See accompanying notes to the basic financial statements



**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2008 and 2007*

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**Note 1 – Reporting Entity**

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

The Village is comprised of the primary government, component units, and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, and maintenance of Village roads, park operations, and police services.

**B. Component Units**

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

**Note 2 – Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2008 and 2007*

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**Note 2 – Summary of Significant Accounting Policies**, (Continued)

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

**Fund Financial Statements**

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

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

**B. Fund Accounting**

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

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2008 and 2007*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The General Fund was the Village's only major governmental fund for 2008. For 2007, Village's major governmental funds were General Fund and Monterey Drive Capital Projects fund.

General Fund – is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Monterey Drive Capital Projects Fund – is used to account for all financial resources for the construction and improvement of Monterey Drive.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds**

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds for 2008 and 2007 were the water operating and sewer operating funds.

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

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

**C. Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2008 and 2007*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2008 and 2007, the Village invested in nonnegotiable certificates of deposit and a money market fund. The nonnegotiable certificates of deposit are reported at cost. The Village's money market fund investment is recorded at the amount reported by Village's financial institution on December 31, 2008 and 2007.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$17,986, and \$288 to other funds. Interest receipts credited to the General Fund during 2007 was \$54,809 and \$1,371 to other funds.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2008 and 2007*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village had no restricted assets on December 31, 2008 or 2007.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Accumulated Leave**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

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

**K. Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither any other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for streets construction and security of persons and property. The Village first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2008 and 2007*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**M. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**N. Interfund Transactions**

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

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

**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity**

For 2006, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2007, the Village has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There is no restatement of equity as a result of this change.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balances (cash basis).

The encumbrances outstanding at year end 2008 and 2007 (budgetary basis) for the General Fund amounted to \$38,732 and \$161,055, respectively.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2008 and 2007*

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**Note 5 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2008 and 2007*

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**Note 5 - Deposits and Investments** (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits

At year end 2008, the carrying amount of the Village's deposits was \$281,505 and the bank balance was \$153,195. Of the bank balance \$153,195 was covered by federal depository insurance and \$0 was uninsured and uncollateralized. At year end 2007, the carrying amount of the Village's deposits was \$71,533 and the bank balance was \$106,105. Of the bank balance \$103,144 was covered by federal depository insurance and \$2,961 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

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

Investments

As of December 31, the Village had the following investments and maturities:

	2008 Carrying Value	2007 Carrying Value	Maturity
Certificates of Deposit	\$ 688,744	\$ 163,744	>12 months
Money Market Sweep	323,400	935,004	daily
Total Portfolio	\$ 1,012,144	\$ 1,098,748	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.



**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2008 and 2007*

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**Note 5 - Deposits and Investments** (continued)

Credit Risk – the Money Market Fund carries a rating of Aa3 by Moody's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Concentration of credit risk - is the risk of loss attributed to the amount of a government's investment in any single issuer. The Village has no investment policy limiting the amount that may be invested in any one issuer.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Note 6 – Income Taxes**

The Village levies a 1.5 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 1.5 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax collections for 2008 and 2007 were \$1,008,655 and \$1,010,715, respectively.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**Note 7 – Property Taxes,** (continued)

The full tax rate for all Village operations for the years ended December 31, 2008 and 2007, was \$3.95 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	<u>2008</u>	<u>2007</u>
Residential & Agriculture	\$26,643,000	\$25,380,050
Commercial/Industrial	6,630,350	6,268,220
Public Utility Property	381,200	365,570
Tangible Personal Property	22,040	1,365,860
Total Assessed Value	<u>\$33,682,710</u>	<u>\$33,379,700</u>

**Note 8 - Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008 and 2007, the Village contracted with Westfield Companies for various types of insurance coverage as follows:

General Aggregate Limit	\$2,000,000
Personal and Advertising Injury Limit	2,000,000
Auto Liability, per incident	1,000,000
Employer’s Liability, per occurrence	1,000,000
Umbrella Liability	1,000,000
Employee Theft or Loss	10,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village also provides medical insurance, life insurance, and dental coverage for all full time employees through a private carrier.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**Note 9 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to established and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008 and 2007, member and contribution rates were consistent across all three plans, law enforcement and public safety divisions exist only within the traditional plan. The 2008 and 2007, member contribution rates were 10.0 and 9.5 percent, respectively, for members in State and local classifications. Public Safety and law enforcement members contributed 10.1 and 9.75 percent, respectively.

The Village's contribution rate for 2008 and 2007, was 14.0 percent and 13.85 percent, for 2008 and 2007, respectively, except for those plan members in law enforcement or public safety, for whom the Village contribution was 17.4 and 17.17, percent, respectively, of covered payroll.

The Village's required contributions for pension obligations to the traditional plan for the years ended December 31, 2008, 2007, and 2006 were \$50,845, \$50,596, and \$49,974, respectively. The full amount has been contributed for 2008, 2007 and 2006.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**Note 9 – Defined Benefit Pension Plans (continued)**

**B. Ohio Police and Fire Pension Fund (continued)**

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Village's contributions to the fund for police officers were \$25,640, \$21,974 and \$20,333 for the years ended December 31, 2008, 2007 and 2006. The full amount has been contributed for 2008, 2007 and 2006.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

Ohio Public Employees Retirement System (OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan; and the Combined Plan- a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Tradition Pensions and the Combined Plans. Members of the Member Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 17.4 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**Note 10 - Postemployment Benefits (continued)**

**A. Ohio Public Employees Retirement System (continued)**

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$50,845, \$33,899, and \$24,488 respectively; 100 percent has been contributed for 2008, 2007, and 2006.

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

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**Note 10 - Postemployment Benefits (continued)**

**B. Ohio Police and Fire Pension Fund (continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$8,871, \$7,603, and \$8,072, respectively; 100 percent has been contributed for 2008, 2007, and 2006.

**Note 11 - Debt**

The Village's long-term debt activity for the year ended December 31, 2008 was as follows:

	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Balance Due Within One Year
Park Land Acquisition Note	123,000	0	123,000	0	0
Ohio Public Works-Monterey Dr.	82,009	8,630	0	90,639	4,532
Industrial Park	0	500,000	74,307	425,693	93,885
Ohio Water Development Loan	47,398	0	4,511	42,887	4,856
Total Governmental Activities	252,407	508,630	201,818	559,219	103,273
Water Tower Improvement Bond	20,000	0	20,000	0	0
Sanitary Sewer Improvement	300,000	0	20,000	280,000	20,000
Water Tower Replacement	227,878	0	24,912	202,966	25,857
Total Business Type Activities	547,878	0	64,912	482,966	45,857
Total Long-Term Obligations	800,285	508,630	256,190	1,042,185	149,130

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**Note 11 – Debt (continued)**

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

	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Balance Due Within One Year
Park Land Acquisition Note	173,000	123,000	173,000	123,000	123,000
Ohio Public Works-Monterey Dr.	-0-	82,009	-0-	82,009	0
Ohio Water Development Loan	51,588	-0-	4,910	47,398	4,511
Total Governmental Activities	<u>224,588</u>	<u>205,009</u>	<u>177,910</u>	<u>252,407</u>	<u>127,511</u>
Water Tower Improvement Bond	35,000	20,000	35,000	20,000	20,000
Sanitary Sewer Improvement	320,000	-0-	20,000	300,000	20,000
Water Tower Replacement	251,877	-0-	23,999	227,878	24,912
Total Business Type Activities	<u>606,877</u>	<u>20,000</u>	<u>78,999</u>	<u>547,878</u>	<u>64,912</u>
Total Long-Term Obligations	<u>831,465</u>	<u>225,009</u>	<u>256,190</u>	<u>800,285</u>	<u>192,423</u>

The Park Land Acquisition Bond was issued for \$400,000 in 2004 for the purpose of purchasing park land. The debt will be paid for in part with grant funds. In 2007, the village renewed the note for \$123,000 and final payment in 2008, interest rate 4.15 percent.

The Industrial Park Loan was to purchase additional acreage for the expansion of the Village's Industrial Park. Payments are being made monthly in the amount of \$9,514, interest rate 5.27 %. Final payment due March 2013

The Ohio Public Works (OPWC) Loan was approved in 2007 for \$174,300 for construction on Monterey Drive. Final withdrawals from the loan totaled \$90,639. The debt will be repaid in semi-annual payments of \$2,266 at 0% interest, final payment due July 2028.

The Ohio Water Development Authority (OWDA) Loan was issued in 1991 for \$89,496 for the Fort Loramie Industrial Park to develop roadways and all necessary utilities to service the area. The debt will be repaid in semi-annual payments of \$3,929 at 7.66% interest, final payment due July 2015.

The Sanitary Sewer Improvement Loan was issued for \$414,700 in 2001 for the sewer treatment improvement. The debt will be repaid in semi-annual installments at 5.4% interest, final payment due December 2018.

The Water Tower Replacement Note was issued in 2005 for the replacement of a 1939 water tower. This will be paid in semi-annual payments at 3.76 %, final payment November 2015. The Village is funding this in part with a monthly surcharge to water users.

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

**Village of Fort Loramie**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**Note 11 – Debt (continued)**

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

<b>Year Ending December 31:</b>	<b>Sanitary Sewer Improvement Refunding Bond</b>	<b>Water Tower Replacement Bond</b>	<b>OWDA Loan</b>	<b>Industrial Park Note</b>	<b>Ohio Public Works</b>
2009	\$ 35,120	\$ 33,248	\$ 7,858	\$ 114,170	\$ 4,532
2010	39,040	33,248	7,891	114,169	4,532
2011	37,690	33,248	7,925	114,169	4,532
2012	36,340	33,248	7,962	114,170	4,532
2013	34,990	33,248	8,002	18,852	4,532
2014 – 2018	184,300	66,497	16,139	0	22,660
2019 – 2023	0	0	0	0	22,660
2024 – 2028	0	0	0	0	22,659
Total	<u>\$ 367,480</u>	<u>\$ 232,737</u>	<u>\$ 55,777</u>	<u>\$ 475,530</u>	<u>\$ 90,639</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$1,835,883 and an unvoted debt margin of \$683,000.

**Note 12 – Subsequent Events**

In 2008, the village began the process of developing a new well field on park property purchased in 2004. In 2009, the village will be designing a new water treatment plant with plans to build in 2010 with the Ohio EPA's approval. Plans for financing the new plant are village funds, grant funds and low interest loans.



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**MANNING & ASSOCIATES CPAS, LLC**  
**6105 NORTH DIXIE DRIVE**  
**DAYTON, OHIO 45414**

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

Village of Fort Loramie  
Shelby County  
14 Elm Street  
P.O. Box 10  
Fort Loramie, Ohio 45845

To the Village Mayor and Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Fort Loramie, Shelby County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 11, 2009, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated June 11, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 11, 2009.

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

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 11, 2009





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF FORT LORAMIE**

**SHELBY 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  
JULY 28, 2009**