



**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF FORT LORAMIE
SHELBY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Fort Loramie, Shelby County, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2001, 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.

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

Jim Petro
Auditor of State

August 31, 2001

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$72,086			\$614,832	\$686,918
Intergovernmental Receipts	77,817	41,695	8,700		128,212
Charges for Services	8,796				8,796
Fines, Licenses, and Permits	1,610				1,610
Earnings on Investments	31,933	262		8,649	40,844
Miscellaneous	25,173	1,342			26,515
Total Cash Receipts	<u>217,415</u>	<u>43,299</u>	<u>8,700</u>	<u>623,481</u>	<u>892,895</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	110,487				110,487
Public Health Services	4,000				4,000
Leisure Time Activities	9,486				9,486
Community Environment	4,436				4,436
Basic Utility Services	44,043				44,043
Transportation	30,364	41,073			71,437
General Government	130,794			37,997	168,791
Debt Service:					
Principal Payments	201,122				201,122
Interest Payments	19,585				19,585
Capital Outlay	231,710		8,700		240,410
Total Disbursements	<u>786,027</u>	<u>41,073</u>	<u>8,700</u>	<u>37,997</u>	<u>873,797</u>
Total Receipts Over/(Under) Disbursements	<u>(568,612)</u>	<u>2,226</u>		<u>585,484</u>	<u>19,098</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes	123,527				123,527
Transfers-In	755,471				755,471
Transfers-Out			(22,522)	(732,949)	(755,471)
Total Other Financing Receipts/(Disbursements)	<u>878,998</u>		<u>(22,522)</u>	<u>(732,949)</u>	<u>123,527</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	310,386	2,226	(22,522)	(147,465)	142,625
Fund Cash Balances January 1	77,038	69,147	22,522	384,349	553,056
Fund Cash Balances, December 31	<u>\$387,424</u>	<u>\$71,373</u>	<u>\$0</u>	<u>\$236,884</u>	<u>\$695,681</u>
Reserves for Encumbrances, December 31	<u>\$40,000</u>	<u>\$18,525</u>	<u>\$0</u>	<u>\$0</u>	<u>\$58,525</u>

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

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

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

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$357,914
Miscellaneous	730
	358,644
Total Operating Cash Receipts	358,644
Operating Cash Disbursements:	
Personal Services	37,149
Contractual Services	149,495
Supplies and Materials	35,324
Capital Outlay	61,617
	283,585
Total Operating Cash Disbursements	283,585
Operating Income	75,059
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	264,000
	264,000
Non-Operating Cash Disbursements:	
Debt Service	(360,100)
	(360,100)
Total Receipts (Under) Disbursements	(21,041)
Fund Cash Balances, January 1	286,366
Fund Cash Balances, December 31	\$265,325
Reserve for Encumbrances, December 31	\$0

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

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$62,137			\$533,589	\$595,726
Intergovernmental Receipts	118,839	43,798	22,522		185,159
Charges for Services	962	1,438			2,400
Fines, Licenses, and Permits	1,030				1,030
Earnings on Investments	20,083	407		4,428	24,918
Miscellaneous	94,660	490			95,150
Total Cash Receipts	<u>297,711</u>	<u>46,133</u>	<u>22,522</u>	<u>538,017</u>	<u>904,383</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	101,921				101,921
Public Health Services	3,854				3,854
Leisure Time Activities	13,344				13,344
Community Environment	4,226				4,226
Basic Utility Services	35,909				35,909
Transportation	33,020	24,576			57,596
General Government	126,196			26,204	152,400
Debt Service:					
Principal Payments	275,937				275,937
Interest Payments	22,138				22,138
Capital Outlay	257,862	1,185			259,047
Total Disbursements	<u>874,407</u>	<u>25,761</u>		<u>26,204</u>	<u>926,372</u>
Total Receipts Over/(Under) Disbursements	<u>(576,696)</u>	<u>20,372</u>	<u>22,522</u>	<u>511,813</u>	<u>(21,989)</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes	198,527				198,527
Transfers-In	319,820				319,820
Transfers-Out		(19,820)		(300,000)	(319,820)
Total Other Financing Receipts/(Disbursements)	<u>518,347</u>	<u>(19,820)</u>		<u>(300,000)</u>	<u>198,527</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(58,349)	552	22,522	211,813	176,538
Fund Cash Balances January 1	135,387	68,595		172,536	376,518
Fund Cash Balances, December 31	<u>\$77,038</u>	<u>\$69,147</u>	<u>\$22,522</u>	<u>\$384,349</u>	<u>\$553,056</u>
Reserves for Encumbrances, December 31	<u>\$19,256</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,256</u>

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

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ENTERPRISE FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$360,346
Miscellaneous	706
Total Operating Cash Receipts	361,052
Operating Cash Disbursements:	
Personal Services	25,510
Contractual Services	154,976
Supplies and Materials	49,304
Capital Outlay	28,150
Total Operating Cash Disbursements	257,940
Operating income	103,112
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	312,000
Non-Operating Cash Disbursements:	
Debt Service	(402,322)
Total Receipts Over Disbursements	12,790
Fund Cash Balances, January 1	273,576
Fund Cash Balances, December 31	\$286,366
Reserve for Encumbrances, December 31	\$0

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

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Fort Loramie, Shelby County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

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

Issue I Sidewalk Fund - This fund received proceeds of grant funding. The proceeds are being used to construct a sidewalk project.

4. Enterprise Funds

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

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

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

5. Fiduciary Funds (Trust and Agency Funds)

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

Expendable Trust - Income Tax fund - This fund receives the revenue for collections of an income tax levy that is used for general operations.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 55,178	\$ 41,035
Certificates of deposit	<u>312,642</u>	<u>285,000</u>
Total deposits	367,820	326,035
Repurchase Agreement	593,186	513,387
Total investments	<u>593,186</u>	<u>513,387</u>
Total deposits and investments	<u>\$ 961,006</u>	<u>\$ 839,422</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or, (2) collateralized by securities specifically pledged by the financial institution to the Village.

Investments: GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," requires that local governments disclose the fair value and carrying amounts of investments, classified by risk. The Village's investments are categorized as uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the Village's name. The Village had an investment in a repurchase agreement and is classified in Category 3.

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,106,869	\$ 1,096,413	\$ (10,456)
Special Revenue	52,912	43,299	(9,613)
Capital Projects	12,500	8,700	(3,800)
Enterprise	376,949	622,644	245,695
Fiduciary	545,400	623,481	78,081
Total	<u>\$ 2,094,630</u>	<u>\$ 2,394,537</u>	<u>\$ 299,907</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,168,144	\$ 826,027	\$ 342,117
Special Revenue	121,943	59,598	62,345
Capital Projects	35,022	31,222	3,800
Enterprise	663,316	643,685	19,631
Fiduciary	929,749	770,946	158,803
Total	<u>\$ 2,918,174</u>	<u>\$ 2,331,478</u>	<u>\$ 586,696</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 730,688	\$ 816,058	\$ 85,370
Special Revenue	41,938	46,133	4,195
Capital Projects	30,950	22,522	(8,428)
Enterprise	366,450	673,052	306,602
Fiduciary	480,000	538,017	58,017
Total	<u>\$ 1,650,026</u>	<u>\$ 2,095,782</u>	<u>\$ 445,756</u>

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 866,075	\$ 893,663	\$ (27,588)
Special Revenue	110,533	45,581	64,952
Capital Projects	30,950	0	30,950
Enterprise	640,027	660,262	(20,235)
Fiduciary	652,536	326,204	326,332
Total	\$ 2,300,121	\$ 1,925,710	\$ 374,411

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing authority is to expend money unless it has been appropriated. The Village expended funds in excess of appropriations for various line items for the General Fund and the Enterprise Fund during 1999.

Fund/Account	Appropriation	Expenditure	Variance
General Fund:			
Operating Supplies	\$ 22,000	\$ 24,720	\$ (2,720)
PERS	\$ 15,000	\$ 20,005	\$ (5,005)
Other Debt Service	\$260,000	\$298,075	\$ (38,075)
Enterprise Fund:			
Water Tower Construction	\$ 50,000	\$352,000	\$(302,000)

4. PROPERTY TAX

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

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

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

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
First Mortgage Sanitary Sewage System Revenue Bond	\$ 414,621	5.00%
Water Tower Bond Anticipation Note	264,000	4.69%
Real Estate Acquisition Term Note	85,527	7.90%
Real Estate Acquisition Bond Anticipation Note	38,000	7.50%
Ohio Water Development Authority Loan	69,814	7.66%
Total	\$ 871,962	

The First Mortgage Sanitary Sewage System Revenue Bond is used for sewer treatment improvements. The United States Department of Agriculture (USDA) Rural Development approved \$598,300 in a loan to the Village for this project. The loan will be repaid in annual installments of \$36,000 including interest, over 40 years. This bond is payable from and secured by revenues of the sanitary sewage system.

The Water Tower Bond is issued for the construction of a water tower. The Village has imposed a monthly surcharge to water users to pay for this construction.

The Real Estate Acquisition Term Note is issued for the purchase of property within the Village. Property and revenue of the Village have been pledged to repay this debt.

The Real Estate Acquisition Bond Anticipation Note is for industrial park land purchases. Property and revenue of the Village have been pledged to repay this debt.

The Ohio Water Development Authority (OWDA) loan was issued for \$89,496 in 1991 for the Fort Loramie Industrial Park to develop roadways and all necessary utilities to service the area. The loan will be repaid in semiannual installments of \$8,142 including interest, over 25 years. The loan is collateralized by property and revenue of the Village.

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

Year ending December 31:	Water Tower Bond	Real Estate Term Note	Real Estate Acquisition Bond Anticipation Note	OWDA Loan	Sewage System FMHA Loan
2001	\$276,382	\$92,284	\$ 40,850	\$ 8,140	\$ 35,758
2002	0	0	0	8,140	36,008
2003	0	0	0	8,140	35,208
2004	0	0	0	7,875	35,408
2005	0	0	0	7,855	35,558
Subsequent	0	0	0	77,346	460,367
Total	\$276,382	\$92,284	\$ 40,850	\$ 117,496	\$638,307

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Village officials and other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS and PFDPF are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. The Village has paid all contributions required through December 31, 2000.

Contribution rates for PERS are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for January through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

A. Grants

The Village received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Village as of December 31, 2000.

B. Litigation

There are currently no matters in litigation with the Village as defendant.

VILLAGE OF FORT LORAMIE
SHELBY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

9. SUBSEQUENT EVENTS

The Village Council approved the following debt instruments subsequent to year end:

<u>Date</u>	<u>Issue</u>	<u>Amount</u>
1/8/01	Sanitary Sewer improvement refunding bonds	\$414,700
5/14/01	Water Tower construction bond anticipation notes	\$228,000



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

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

To Village Council:

We have audited the financial statements of the Village of Fort Loramie (the Village) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated August 31, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-30375-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 31, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 31, 2001.

Village of Fort Loramie
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

August 31, 2001

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

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

Finding Number	2000-30375-001
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Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing authority is to expend money unless it has been appropriated. The Village expended funds in excess of appropriations for various line items for the General Fund and the Enterprise Fund during 1999. Failure to comply with this Section of the Code may result in deficit spending and misappropriation of funds.

	Appropriation	Expenditure	Variance
General Fund:			
Operating Supplies	\$ 22,000	\$ 24,720	\$ (2,720)
PERS	\$ 15,000	\$ 20,005	\$ (5,005)
Other Debt Service	\$260,000	\$298,075	\$ (38,075)
Enterprise Fund:			
Water Tower Construction	\$ 50,000	\$352,000	\$(302,000)

The Village should monitor the actual expenditures and the appropriations at the legal level of control established by the Council.

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <i>Explain:</i>
1998-30375-001	Ohio Rev. Code Section 5705.41 (D)	No	Partially Corrected - The Village has implemented limited procedures to complete a purchase order timely.
1998-30375-002	Ohio Rev. Code Section 5705.41 (B)	No	Not Corrected



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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
OCTOBER 9, 2001**