

VILLAGE OF FORT LORAMIE

DAYTON REGION, SHELBY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA
Auditor of State

Village Council
Village of Fort Loramie
PO Box 10, 14 Elm St.
Fort Loramie, OH 45845-0010

We have reviewed the *Report of Independent Accountants* of the Village of Fort Loramie, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005 to December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

August 9, 2007

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**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

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

REPORT OF INDEPENDENT ACCOUNTANTS

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 Village of Fort Loramie, Shelby County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the 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 described more fully in Note 1, the Village has prepared financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its large (i.e. major) funds separately for 2006 and 2005. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005 or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Fort Loramie, Shelby County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2007, on our consideration of the Village's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 27, 2007

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**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$ 130,385	0	\$ 0	\$ 130,385
Municipal Income Tax	878,174	0	0	878,174
Intergovernmental Revenues	99,904	69,820	0	169,724
Special Assessments	6,873	0	0	6,873
Charges for Services	9,757	0	0	9,757
Fines, Licenses and Permits	3,356	0	0	3,356
Earnings on Investments	44,794	630	0	45,424
Miscellaneous	37,415	0	0	37,415
Total Cash Receipts	<u>1,210,658</u>	<u>70,450</u>	<u>0</u>	<u>1,281,108</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	\$ 132,743	\$ 0	\$ 0	\$ 132,743
Public Health Services	6,345	0	0	6,345
Leisure Time Activities	29,343	0	0	29,343
Community Environment	0	0	0	0
Basic Utility Services	62,620	66,435	0	129,055
Transportation	45,772	0	0	45,772
General Government	239,899	0	0	239,899
Debt Service:				
Principal	176,892	0	155,000	331,892
Interest Charges	3,884	0	10,753	14,637
Capital Outlay	231,316	2,441	0	233,757
Total Cash Disbursements	<u>928,814</u>	<u>68,876</u>	<u>165,753</u>	<u>1,163,443</u>
Total Receipts Over/(Under) Disbursements	<u>281,844</u>	<u>1,574</u>	<u>(165,753)</u>	<u>117,665</u>
Other Financing Sources/(Uses):				
Sale of Bonds	173,000	0	0	173,000
Sale of Fixed Assets	155,574	0	0	155,574
Total Other Financing Receipts (Disbursements)	<u>328,574</u>	<u>0</u>	<u>0</u>	<u>328,574</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	610,418	1,574	(165,753)	446,239
Fund Cash Balances, January 1, 2006	<u>336,156</u>	<u>27,634</u>	<u>165,753</u>	<u>529,543</u>
Fund Cash Balances, December 31, 2006	<u>\$ 946,574</u>	<u>\$ 29,208</u>	<u>\$ 0</u>	<u>\$ 975,782</u>
Reserve for Encumbrances, December 31	<u>102,725</u>	<u></u>	<u></u>	<u>102,725</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 -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ <u>469,910</u>
Total Operating Cash Receipts	<u>469,910</u>
Operating Cash Disbursements:	
Personal Service	\$ 41,583
Employee Fringe Benefits	3,120
Contractual Services	277,461
Supplies and Materials	39,945
Other	<u>500</u>
Total Operating Cash Disbursements	<u>362,609</u>
Operating Income/ (Loss)	<u>107,301</u>
Non-Operating Cash Disbursements:	
Sale of Bonds	35,000
Capital Outlay	(307,267)
Redemption of Principal	(103,123)
Interest and Other Fiscal Charges	<u>(30,460)</u>
Total Non-Operating Cash Disbursements	<u>(405,850)</u>
Net Revenues Over/(Under) Expenses	(298,549)
Fund Cash Balances, January 1, 2006	<u>359,094</u>
Fund Cash Balances, December 31, 2006	\$ <u><u>60,545</u></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 - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$ 99,823	\$ 12,741	\$ 0	\$ 112,564
Municipal Income Tax	751,529	0	0	751,529
Intergovernmental Revenues	78,689	87,057	165,753	331,499
Special Assessments	63,085	0	0	63,085
Charges for Services	1,699	0	0	1,699
Fines, Licenses and Permits	3,115	0	0	3,115
Earnings on Investments	23,279	291	0	23,570
Miscellaneous	10,212	0	0	10,212
Total Cash Receipts	<u>1,031,431</u>	<u>100,089</u>	<u>165,753</u>	<u>1,297,273</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	\$ 128,190	0	\$ 0	\$ 128,190
Public Health Service	3,173	0	0	3,173
Leisure Time Activities	28,638	0	0	28,638
Community Environment	0	2,000	0	2,000
Basic Utility Services	64,166	5,086	0	69,252
Transportation	48,362	69,109	0	117,471
General Government	236,631	0	0	236,631
Debt Service:				
Principal	3,615	0	400,000	403,615
Interest	13,590	0	0	13,590
Capital Outlay	490,635	18,177	328,000	836,812
Total Cash Disbursements	<u>1,017,000</u>	<u>94,372</u>	<u>728,000</u>	<u>1,839,372</u>
Total Receipts Over/(Under) Disbursements	<u>14,431</u>	<u>5,717</u>	<u>(562,247)</u>	<u>(542,099)</u>
Other Financing Receipts/ (Disbursements)				
Sale of Bonds	0	0	328,000	328,000
Sale of Fixed Assets	24,800	0	0	24,800
Advances-Out	(48,000)	0	0	(48,000)
Total Other Financing Receipts/ (Disbursements)	<u>(23,200)</u>	<u>0</u>	<u>328,000</u>	<u>304,800</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,769)	5,717	(234,247)	(237,299)
Fund Cash Balances, January 1, 2005	<u>344,925</u>	<u>21,917</u>	<u>400,000</u>	<u>766,842</u>
Fund Cash Balances, December 31, 2005	<u>\$ 336,156</u>	<u>\$ 27,634</u>	<u>\$ 165,753</u>	<u>\$ 529,543</u>
Reserve For Encumbrances, December 31	<u>137,935</u>	<u>0</u>	<u>0</u>	<u>137,935</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 -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Proprietary Funds Types
	Enterprise
Operating Cash Revenues:	
Charges for Services	\$ 415,872
Total Operating Cash Receipts	415,872
Operating Cash Disbursements:	
Personal Service	\$ 28,495
Employee Fringe Benefits	7,300
Contractual Services	206,300
Supplies and Materials	42,102
Other	363
Total Operating Cash Disbursements	284,560
Operating Income/ (Loss)	131,312
Non-Operating Cash Receipts/(Expenses):	
Debt Service:	
Redemption of Principal	(120,000)
Interest and Other Fiscal Charges	(20,273)
Sale of Bonds	335,000
Capital Outlay	(175,558)
Total Non-Operating Cash Receipts/(Expenses)	19,169
Income/(Loss) before Interfund Transfers and Advances	150,481
Advances In	48,000
Net Revenues Over/(Under) Expenses	198,481
Fund Cash Balances, January 1, 2005	160,613
Fund Cash Balances, December 31, 2005	\$ 359,094

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Fort Loramie, Shelby County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

The Village values certificates of deposit and repurchase agreements at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

Permissive Tax Fund – This fund receives permissive auto license tax from Shelby County for constructing, maintaining, and repairing Village streets.

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Issue II – North Main Street Fund – This fund receives grants from the Ohio Public Works Commission for funding a street project.

Eastview Drive Assessments Fund – This fund receives assessments from property owners for street improvements.

Eastview Drive Fund – This fund receives grants from the Ohio Public Works Commission for funding a street project.

ODNR Park Fund – This fund receives proceeds from a grant as well as a debt issue to be used to purchase property for a future park.

4. Enterprise Funds

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

Water Operating Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund – This fund receives charges for services from residents to cover sewer service costs.

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 or object level of control, and appropriations may not exceed estimated resources. Village 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 balance as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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 reappropriated.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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:

	2006	2005
Demand deposits	\$ 42,469	\$ 33,517
Certificates of deposit	163,744	163,744
Total deposits	\$ 206,213	\$ 197,261
 Repurchase agreement	 830,114	 691,376
Total investments	\$ 830,114	\$ 691,376
Total deposits and investments	\$ 1,036,327	\$ 888,637

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Investments: The Village maintains a repurchase agreement with their financial institution. The agreement allows the financial institution to invest excess funds in a repurchase agreement account. The Village's financial institution provides securities to collateralize the repurchase agreements. The securities are not held in the Village's name.

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2006 was as follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,369,200	\$ 1,539,232	\$ 170,032
Special Revenue	67,300	70,450	3,150
Capital Projects	0	0	0
Enterprise	531,900	504,910	(26,990)
Total	<u>\$ 1,968,400</u>	<u>\$ 2,114,592</u>	<u>\$ 146,192</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,562,256	\$ 1,031,539	\$ 530,717
Special Revenue	94,936	68,876	26,060
Capital Projects	165,753	165,753	0
Enterprise	888,593	803,459	85,134
Total	<u>\$ 2,711,538</u>	<u>\$ 2,069,627</u>	<u>\$ 641,911</u>

Budgetary activity for the year ending December 31, 2005 was as follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,180,200	\$ 1,056,231	\$ (123,969)
Special Revenue	91,796	100,089	8,293
Capital Projects	200,000	493,753	293,753
Enterprise	775,900	750,872	(25,028)
Total	<u>\$ 2,247,896</u>	<u>\$ 2,400,945</u>	<u>\$ 153,049</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,523,806	\$ 1,154,935	\$ 368,871
Special Revenue	111,440	94,372	17,068
Capital Projects	600,000	728,000	(128,000)
Enterprise	854,350	600,391	253,959
Total	<u>\$ 3,089,596</u>	<u>\$ 2,577,698</u>	<u>\$ 511,898</u>

Contrary to Ohio law, expenditures exceeded appropriations in the Capital Projects fund for 2005.

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

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

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

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

5. INCOME TAX

The Village levies a income tax of 1.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents

6. DEBT

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sanitary Sewer Improvement Refunding Bond	\$320,000	5.40%
Water Tower Replacement Bond	251,877	3.76%
Ohio Water Development Authority Loan	51,588	7.66%
Water Tower Improvement Bond	35,000	4.65%
Park Land Acquisition Note	<u>173,000</u>	4.20%
Total	<u><u>\$831,465</u></u>	

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 of scheduled amounts over 18 years.

The Water Tower Bond as issued for the construction of a water tower. The Village is funding this by imposing a monthly surcharge to water user.

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 installments see scheduled rates, over 25 years.

The Park Lane 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.

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 over the next 10 years. The village is funding this in part with a monthly surcharge to water users.

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

6. DEBT (continued)

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

<u>Year Ending December 31:</u>	<u>Sanitary Sewer Improvement Refunding Bond</u>	<u>Water Tower Replacement Bond</u>	<u>OWDA Loan</u>	<u>Park Land Acquisition Note</u>	<u>Water Tower Improvement Bond</u>
2007	\$ 37,280	\$ 33,246	\$ 7,801	\$ 180,266	\$ 36,628
2008	36,200	33,248	7,829	0	0
2009	35,120	33,248	7,858	0	0
2010	39,040	33,248	7,891	0	0
2011	37,690	33,248	7,925	0	0
2012 – 2016	182,390	132,982	32,103	0	0
2017 – 2021	75,670	0	0	0	0
Total	<u>\$ 443,390</u>	<u>\$ 299,220</u>	<u>\$ 71,407</u>	<u>\$ 173,000</u>	<u>\$ 60,000</u>

7. RETIREMENT SYSTEMS

The Village’s law enforcement officers belong to the Ohio Police & Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans’ retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2006.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

9. RECLASSIFICATION OF FUNDS

On January 1, 2005, the Township reclassified the Cemetery Bequest Fund from a nonexpendable trust fund to a special revenue fund.

	Special Revenue Fund	Expendable Trust Fund
Fund cash balance, December 31, 2004	\$ 9,216	\$ 12,701
Reclassification of fund	12,701	(12,701)
Fund cash balance, January 1, 2005	<u>\$ 21,917</u>	<u>0</u>

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MANNING & ASSOCIATES, CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

**INDEPENDENT ACCOUNTANTS' 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 Village of Fort Loramie, Shelby County, Ohio (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 27, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits 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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that the misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

We noted certain matters that we reported to the Village's management in a separate letter dated June 27, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, 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 27, 2007.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

June 27, 2007

**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2006 AND 2005**

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED?	NOT CORRECTED, PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; <i>EXPLAIN</i> :
2004-001	Ohio Revised Code Section 5705.41 (B) - Expenditures exceeding appropriations.	No	Reissue as Management Letter Citation



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
AUGUST 21, 2007**