

VILLAGE OF FORT LORAMIE

DAYTON REGION, SHELBY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

Members of Council
Village of Fort Loramie
14 Elm Street
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, 2009 through December 31, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 30, 2011

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**VILLAGE OF FORT LORAMIE
SHELBY COUNTY**

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

Village of Fort Loramie
Shelby County
14 Elm Street
PO Box 10
Fort Loramie, Ohio 45845

To the Village Mayor and Members of 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, 2010 and 2009, 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 our audit provides a reasonable basis for our opinions.

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, 2010 and 2009, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General Fund thereof and for the years then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2011, 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 read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 15, 2011

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Village of Fort Loramie
Shelby County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

This discussion and analysis of the Village of Fort Loramie's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2010 and 2009, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$416,137 or 36.4 percent, a significant change from the prior year. Business-type activities saw an increase in net assets of \$117,179 or 87.6 percent. The fund most affected by the increase was the General Fund, due to a decrease in expenditures in 2010.

The Village's general receipts are primarily property and income taxes. These receipts represent 11.0 percent and 77.2 percent, respectively, of the total general receipts received for governmental activities during the year. Property and income tax receipts for 2010 decreased slightly compared to 2009, as development within the Village has been steady, however an economic decline state wide.

With the economy slowing down, the village once again saw a decrease in income tax receipts this year, however, the second half of 2010 showed income tax collections begin to increase. In response to the decrease in revenue, expenditures in the General Fund for 2010 were 36 percent less than expenditures in 2009, excluding transfers.

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$227,479 or 24.9 percent, a significant change from the prior year. The fund most affected by the increase was the General Fund, due to a decrease in expenditures in 2009. Business-type activities saw a decrease in net assets of \$60,824, or 31.3 percent.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 9.9 percent and 77.2 percent of the total general receipts received for governmental activities during the year. The Village saw a significant drop in income tax collections in 2009 compared to 2008 due to the economic slowdown and above average inheritance tax collections in 2008.

The large decrease in income tax collections this year compared to 2008 was due to the economic slowdown and above average inheritance tax collections in 2008. Expenditures of the General Fund for 2009 were significantly less than expenditures for 2008, due in large part to a significant decrease in capital outlay in 2009.

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
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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 Village did financially during 2010 and 2009, 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.

Village of Fort Loramie
Shelby County
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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 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 Village'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 Village'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 Village'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 only major governmental fund in 2010 and 2009 was the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide 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, 2010 and 2009
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The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010, 2009, 2008:

(Table 1)
Net Assets

	Governmental Activities				
	2010	2009	Change	2008	Change
Assets					
Cash and Cash Equivalents	1,556,820	1,140,683	416,137	913,204	227,479
Total Assets	<u>\$1,556,820</u>	<u>\$1,140,683</u>	<u>416,137</u>	<u>\$913,204</u>	<u>\$227,479</u>
Net Assets					
Restricted	121,756	47,751	74,005	38,580	9,171
Unrestricted	1,435,064	1,092,932	342,132	874,624	218,308
Total Net Assets	<u>\$1,556,820</u>	<u>\$1,140,683</u>	<u>416,137</u>	<u>\$913,204</u>	<u>\$227,479</u>

(Table 1)
Net Assets

	Business-Type Activities				
	2010	2009	Change	2008	Change
Assets					
Cash and Cash Equivalents	250,880	133,701	117,179	194,525	(60,824)
Total Assets	<u>\$250,880</u>	<u>\$133,701</u>	<u>\$117,179</u>	<u>\$194,525</u>	<u>(60,824)</u>
Net Assets					
Restricted	0	0	0	0	0
Unrestricted	250,880	133,701	117,179	194,525	(60,824)
Total Net Assets	<u>\$250,880</u>	<u>\$133,701</u>	<u>\$117,179</u>	<u>\$194,525</u>	<u>(60,824)</u>

As mentioned previously, net assets of governmental activities increased \$416,137 or 36.4 percent during 2010 and increased \$227,479 or 24.9 percent in 2009. The primary reasons contributing to the increase in cash balances both years are as follows:

- The Village is in the process of building a water treatment plant and has been cutting expenses to eliminate the need to borrow funds for the project
- The Village has been successful in its effort to decrease spending to compensate for recent decreases in income tax revenues, local government funds and interest income

Village of Fort Loramie
Shelby County
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Unaudited

Table 2 reflects the changes in net assets in 2010 and 2009:

(Table 2)
Changes in Net Assets

	Governmental Activities				
	2010	2009	Change	2008	Change
Receipts:					
Program Receipts:					
Charges for Services and Sales	\$14,004	\$19,645	(\$5,641)	\$35,310	(\$15,665)
Operating Grants and Contributions	61,181	57,709	3,472	79,393	(21,684)
Capital Grants and Contributions	19,527	19,776	(249)	26,906	(7,130)
Total Program Receipts	<u>94,712</u>	<u>97,130</u>	<u>(2,418)</u>	<u>141,609</u>	<u>(44,479)</u>
General Receipts:					
Property Taxes	118,453	113,863	4,590	111,109	2,754
Municipal Income Taxes	834,616	887,037	(52,421)	1,008,655	(121,618)
Grants and Entitlements Not Restricted to Specific Programs	102,845	102,287	558	142,110	(39,823)
Sale of Notes	0	0	0	508,630	(508,630)
Sale of Fixed Assets	0	12,652	(12,652)	5,100	7,552
Earnings on Investments	13,063	23,614	(10,551)	18,274	5,340
Miscellaneous	10,994	9,696	1,298	12,671	(2,975)
Total General Receipts	<u>1,079,971</u>	<u>1,149,149</u>	<u>(69,178)</u>	<u>1,806,549</u>	<u>(657,400)</u>
Total Receipts	<u>1,174,683</u>	<u>1,246,279</u>	<u>(71,596)</u>	<u>1,948,158</u>	<u>(701,879)</u>
Disbursements:					
Security of Persons and Property:	146,211	146,783	(572)	164,521	(17,738)
Public Health Services	10,250	10,340	(90)	6,581	3,759
Leisure Time Activities	29,728	45,964	(16,236)	40,198	5,766
Community Environment	0	2,608	(2,608)	0	2,608
Basic Utility Services	72,192	77,660	(5,468)	77,337	323
Transportation	106,261	110,622	(4,361)	130,574	(19,952)
General Government	133,292	281,852	(148,560)	263,954	17,898
Capital Outlay	34,020	64,542	(30,522)	1,149,810	(1,085,268)
Debt Service:					
Principal Retirement	108,592	255,142	(146,550)	201,818	53,324
Interest	18,000	23,287	(5,287)	29,256	(5,969)
Total Disbursements	<u>658,546</u>	<u>1,018,800</u>	<u>(360,254)</u>	<u>2,064,049</u>	<u>(25,234)</u>
Changes in Assets before Transfers	516,137	227,479	288,658	(115,891)	(676,645)
Transfers	<u>(100,000)</u>	<u>0</u>	<u>(100,000)</u>	<u>0</u>	<u>0</u>
Change in Net Assets	416,137	227,479	188,658	(115,891)	(676,645)
Net Assets, January 1	<u>1,140,683</u>	<u>913,204</u>	<u>227,479</u>	<u>1,029,095</u>	<u>(115,891)</u>
Net Assets, December 31	<u>\$1,556,820</u>	<u>\$1,140,683</u>	<u>\$416,137</u>	<u>\$913,204</u>	<u>(\$792,536)</u>

Village of Fort Loramie
Shelby County
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(Table 2)
Changes in Net Assets

	Business Type Activities				
	2010	2009	Change	2008	Change
Receipts:					
Program Receipts:					
Charges for Services and Sales	\$513,351	\$502,247	\$11,104	\$498,311	\$3,936
Total Program Receipts	<u>513,351</u>	<u>502,247</u>	<u>11,104</u>	<u>498,311</u>	<u>3,936</u>
Disbursements:					
Water Operating	151,957	120,684	31,273	83,653	37,031
Sewer Operating	262,448	299,293	(36,845)	227,596	71,697
Other Enterprise Funds	85,009	143,094	0	133,723	0
Total Disbursements	<u>499,414</u>	<u>563,071</u>	<u>(5,572)</u>	<u>444,972</u>	<u>108,728</u>
Changes in Assets before Transfers	13,937	(60,824)	16,676	53,339	(104,792)
Sale of Notes	3,242	0	3,242	0	0
Transfers	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>
Change in Net Assets	117,179	(60,824)	119,918	53,339	(104,792)
Net Assets, January 1	<u>133,701</u>	<u>194,525</u>	<u>(60,824)</u>	<u>141,186</u>	<u>53,339</u>
Net Assets, December 31	<u><u>\$250,880</u></u>	<u><u>\$133,701</u></u>	<u><u>\$59,094</u></u>	<u><u>\$194,525</u></u>	<u><u>(\$51,453)</u></u>

Program receipts represent only 8.0 percent and 7.8 percent of total receipts for governmental activities for 2010 and 2009, 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 92.0 and 92.2 percent of the Village's total receipts for 2010 and 2009, respectively, and of this amount more than 77.2 and 77.2 percent, for 2010 and 2009, respectively, are municipal income taxes. Property taxes at 11.0 and 9.9 percent, Grants and Entitlements at 9.5 and 8.9 percent make up the bulk of the Village's remaining general receipts for 2010 and 2009, 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 20.2 percent and 27.7 percent of governmental activities in 2010 and 2009, 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.

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Shelby County
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Unaudited

Business Type Receipts

Program receipts for the Village's business-type activities represent 100 percent of total business-type revenue in 2010 and 2009.

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.

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.

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 22.2 and 14.41 percent, basic utility at 11.0 and 7.6 percent and transportation at 16.1 and 10.9 percent of all governmental disbursements for 2010 and 2009, respectively. General government represents the most significant cost with general government expenses at 22.2 and 27.7 percent of all governmental disbursements for 2010 and 2009, 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.

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A comparison between the total cost of services and the net cost is presented in Table 3:

	Total Cost Of Services 2010	Net Cost of Services 2010	Total Cost Of Services 2009	Net Cost of Services 2009
Security of Persons and Property	146,211	(146,211)	146,783	(146,783)
Public Health Services	10,250	(10,250)	10,340	(10,340)
Leisure Time Activities	29,728	(29,728)	45,964	(45,964)
Community Environment	0	1,550	2,608	(1,458)
Basic Utility Services	72,192	(61,058)	77,660	(65,819)
Transportation	106,261	(45,080)	110,622	(52,913)
General Government	133,292	(131,972)	281,852	(275,198)
Capital Outlay	34,020	(14,493)	64,542	(44,766)
Debt Service:				
Principal Retirement	108,592	(108,592)	255,142	(255,142)
Interest	18,000	(18,000)	23,287	(23,287)
Total Expenses	<u>658,546</u>	<u>(563,834)</u>	<u>1,018,800</u>	<u>(921,670)</u>

The dependence upon property and income tax receipts is apparent as over 85.7 percent and 91.0 percent of governmental activities are supported through these general receipts in 2010 and 2009, respectively.

The Village's Funds

Governmental Funds

Total governmental funds had receipts of \$1,174,683 and disbursements of \$658,545 in 2010. In 2009, total governmental funds had receipts of \$1,246,279 and disbursements of \$1,018,800. The greatest change within governmental funds occurred within the General Fund both years. The fund balance of the General Fund increased in both 2010 and 2009 despite declining revenues due to the Village's proactive approach to the economic downturn.

Business-Type Activities

Businesses type activities of the Village saw an increase of 87.6 percent in net assets in 2010 and a decrease of 31.3 percent in 2009. Expenditures in 2009 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 2010 and 2009 was the General Fund.

For 2010, budgeted receipts were \$1,051,756 while actual receipts were \$1,092,960. Budgeted expenditures were \$2,126,833 and actual expenditures were \$763,134.

For 2009, budgeted receipts were \$1,182,000 while actual receipts were \$1,166,192. Budgeted expenditures were \$2,050,680 and actual expenditures were \$965,739.

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Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2010 and 2009, the Village's outstanding debt was \$585,596 and \$715,946, respectively. For further information regarding the Village's debt, refer to Note 10 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. During 2010 and 2009, the Village experienced a significant decrease in income tax revenue. The economic forecast for 2011 includes an anticipated drop in revenue of approximately 4 percent. Another source of income that has had a significant drop is interest income, local government revenue and the phasing out of personal property tax.

The village's finance committee and treasurer will be reviewing sources of revenues to determine if disbursements are exceeding cash flows on a continuing basis. Village council has cut expenses by furloughing an employee in the village's police department and another employee in the public works department to cut General Fund expenditures.

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. Two sources for funding will be coming from a 0% loan from OWPC and low interest loan from the OWDA.

With cuts to the budget, the village set aside \$500,000 in 2009 for the construction of the water treatment plant and will be using another \$500,000 from the General Fund in an effort to reduce the need to borrow funds.

A Water Tower Construction surcharge has been eliminated from the utility billing but another surcharge for a Water Treatment Plant Construction has been added.

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, 2010

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,556,820	\$ 250,880	\$ 1,807,700
<i>Total Assets</i>	<u>\$ 1,556,820</u>	<u>\$ 250,880</u>	<u>\$ 1,807,700</u>
Net Assets			
Restricted for:			
Other Purposes	\$ 121,756	\$ 0	\$ 121,756
Unrestricted	<u>1,435,064</u>	<u>250,880</u>	<u>1,685,944</u>
<i>Total Net Assets</i>	<u>\$ 1,556,820</u>	<u>\$ 250,880</u>	<u>\$ 1,807,700</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, 2010

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash	Charges	Operating	Capital Grants	Governmental	Business-Type	Total
	Disbursements	for Services and Sales	Grants and Contributions	and Contributions			
Governmental Activities							
Security of Persons and Property	\$ 146,211	\$ 0	\$ 0	\$ 0	\$ (146,211)	\$ 0	\$ (146,211)
Public Health Services	10,250	0	0	0	(10,250)	0	(10,250)
Leisure Time Activities	29,728	0	0	0	(29,728)	0	(29,728)
Community Environment	0	1,550	0	0	1,550	0	1,550
Basic Utility Services	72,192	11,134	0	0	(61,058)	0	(61,058)
Transportation	106,261	0	61,181	0	(45,080)	0	(45,080)
General Government	133,292	1,320	0	0	(131,972)	0	(131,972)
Capital Outlay	34,020	0	0	19,527	(14,493)	0	(14,493)
Debt Service:							
Principal Retirement	108,592	0	0	0	(108,592)	0	(108,592)
Interest	18,000	0	0	0	(18,000)	0	(18,000)
Total Governmental Activities	\$ 658,546	\$ 14,004	\$ 61,181	\$ 19,527	\$ (563,834)	\$ 0	\$ (563,834)
Business Type Activities							
Water Operating	\$ 151,957	\$ 107,101	\$ 0	\$ 0	\$ 0	\$ (44,856)	\$ (44,856)
Sewer Operating	262,448	272,551	0	0	0	10,103	10,103
Other Enterprise Funds	85,009	133,699	0	0	0	48,690	48,690
Total Business Type Activities	499,414	513,351	0	0	0	13,937	13,937
Total Primary Government	\$ 1,157,960	\$ 527,355	\$ 61,181	\$ 19,527	\$ (563,834)	\$ 13,937	\$ (549,897)
General Receipts							
Property Taxes					\$ 118,453	\$ 0	\$ 118,453
Municipal Income Taxes					834,616	0	834,616
Grant and Entitlements not Restricted to Specific Programs					102,845	0	102,845
Sale of Notes					0	3,242	3,242
Earnings on Investments					13,063	0	13,063
Miscellaneous					10,994	0	10,994
Total General Receipts					1,079,971	3,242	1,083,213
Transfers					(100,000)	100,000	0
Total General Receipts and Transfers					979,971	103,242	1,083,213
Change in Net Assets					416,137	117,179	533,316
Net Assets Beginning of Year					1,140,683	133,701	1,274,384
Net Assets End of Year					\$ 1,556,820	\$ 250,880	\$ 1,807,700

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, 2010

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,435,064	\$ 121,756	\$ 1,556,820
<i>Total Assets</i>	<u>\$ 1,435,064</u>	<u>\$ 121,756</u>	<u>\$ 1,556,820</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 12,306	\$ 90	\$ 12,396
Unreserved, Undesignated, Reported in:			
General Fund	1,422,758	0	1,422,758
Special Revenue Funds	<u>0</u>	<u>121,666</u>	<u>121,666</u>
<i>Total Fund Balances</i>	<u>\$ 1,435,064</u>	<u>\$ 121,756</u>	<u>\$ 1,556,820</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, 2010

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 118,453	\$ 0	\$ 118,453
Municipal Income Taxes	834,616	0	834,616
Intergovernmental	101,830	81,723	183,553
Special Assessments	11,134	0	11,134
Charges for Services	1,235	0	1,235
Fines, Licenses and Permits	1,635	0	1,635
Earnings on Investments	13,063	0	13,063
Miscellaneous	10,994	0	10,994
<i>Total Receipts</i>	<u>\$ 1,092,960</u>	<u>\$ 81,723</u>	<u>\$ 1,174,683</u>
Disbursements			
Current:			
Security of Persons and Property	\$ 145,080	\$ 1,131	\$ 146,211
Public Health Services	10,250	0	10,250
Leisure Time Activities	29,728	0	29,728
Basic Utility Services	72,192	0	72,192
Transportation	99,674	6,587	106,261
General Government	133,292	0	133,292
Capital Outlay	34,020	0	34,020
Debt Service:			
Principal Retirement	108,592	0	108,592
Interest and Fiscal Charges	18,000	0	18,000
<i>Total Disbursements</i>	<u>\$ 650,828</u>	<u>\$ 7,718</u>	<u>\$ 658,546</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	442,132	74,005	516,137
Other Financing Sources (Uses)			
Transfers Out	<u>(100,000)</u>	<u>0</u>	<u>(100,000)</u>
<i>Net Change in Fund Balances</i>	342,132	74,005	416,137
<i>Fund Balances Beginning of Year</i>	<u>1,092,932</u>	<u>47,751</u>	<u>1,140,683</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 1,435,064</u></u>	<u><u>\$ 121,756</u></u>	<u><u>\$ 1,556,820</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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 115,363	\$ 115,363	\$ 118,453	\$ 3,090
Municipal Income Taxes	800,000	800,000	834,616	34,616
Intergovernmental	94,771	94,771	101,830	7,059
Special Assessments	10,272	10,272	11,134	862
Charges for Services	5,250	5,250	1,235	(4,015)
Fines, Licenses and Permits	2,100	2,100	1,635	(465)
Earnings on Investments	15,000	15,000	13,063	(1,937)
Miscellaneous	8,000	8,000	10,994	2,994
<i>Total receipts</i>	<u>\$ 1,050,756</u>	<u>\$ 1,050,756</u>	<u>\$ 1,092,960</u>	<u>\$ 42,204</u>
Disbursements				
Current:				
Security of Persons and Property	\$ 155,196	\$ 155,196	\$ 149,850	\$ 5,346
Public Health Services	10,250	10,250	10,250	0
Leisure Time Activities	40,272	40,272	30,287	9,985
Basic Utility Services	91,369	91,369	75,556	15,813
Transportation	127,691	127,691	101,136	26,555
General Government	181,741	164,140	135,443	28,697
Capital Outlay	1,311,323	1,311,323	34,020	1,277,303
Debt Service:				
Principal Retirement	108,592	108,592	108,592	0
Interest and Fiscal Charges	18,000	18,000	18,000	0
<i>Total Disbursements</i>	<u>\$ 2,044,434</u>	<u>\$ 2,026,833</u>	<u>\$ 663,134</u>	<u>\$ 1,363,699</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(993,678)</u>	<u>(976,077)</u>	<u>429,826</u>	<u>1,405,903</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 1,000	\$ 1,000	\$ 0	\$ (1,000)
Transfers Out	(100,000)	(100,000)	(100,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(99,000)</u>	<u>(99,000)</u>	<u>(100,000)</u>	<u>(1,000)</u>
<i>Net Change in Fund Balance</i>	(1,092,678)	(1,075,077)	329,826	1,404,903
<i>Fund Balance Beginning of Year</i>	1,075,077	1,075,077	1,075,077	0
<i>Prior Year Encumbrances Appropriated</i>	<u>17,855</u>	<u>17,855</u>	<u>17,855</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 254</u>	<u>\$ 17,855</u>	<u>\$ 1,422,758</u>	<u>\$ 1,404,903</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, 2010

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ <u>101,180</u>	\$ <u>86,715</u>	\$ <u>62,985</u>	\$ <u>250,880</u>
<i>Total Assets</i>	\$ <u><u>101,180</u></u>	\$ <u><u>86,715</u></u>	\$ <u><u>62,985</u></u>	\$ <u><u>250,880</u></u>
Net Assets:				
Unrestricted	\$ <u>101,180</u>	\$ <u>86,715</u>	\$ <u>62,985</u>	\$ <u>250,880</u>
<i>Total Net Assets</i>	\$ <u><u>101,180</u></u>	\$ <u><u>86,715</u></u>	\$ <u><u>62,985</u></u>	\$ <u><u>250,880</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, 2010

	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 107,101	\$ 272,551	\$ 133,699	\$ 513,351
<i>Total Operating Receipts</i>	<u>\$ 107,101</u>	<u>\$ 272,551</u>	<u>\$ 133,699</u>	<u>\$ 513,351</u>
Operating Disbursements				
Personal Services	\$ 18,280	\$ 38,766	\$ 0	\$ 57,046
Contractual Services	107,606	199,619	45,969	353,194
Supplies and Materials	9,580	4,259	0	13,839
Other	410	0	0	410
<i>Total Operating Disbursements</i>	<u>\$ 135,876</u>	<u>\$ 242,644</u>	<u>\$ 45,969</u>	<u>\$ 424,489</u>
<i>Operating Income (Loss)</i>	<u>(28,775)</u>	<u>29,907</u>	<u>87,730</u>	<u>88,862</u>
Non-Operating Receipts (Disbursements)				
Sale of Notes	\$ 3,242	\$ 0	\$ 0	\$ 3,242
Capital Outlay	(16,081)	(19,804)	0	(35,885)
Debt Service:				
Principal Payments	0	0	(25,000)	(25,000)
Interest and Fiscal Charges	0	0	(14,040)	(14,040)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(12,839)</u>	<u>(19,804)</u>	<u>(39,040)</u>	<u>(71,683)</u>
<i>Transfers In</i>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
<i>Change in Net Assets</i>	58,386	10,103	48,690	117,179
<i>Net Assets Beginning of Year</i>	<u>42,794</u>	<u>76,612</u>	<u>14,295</u>	<u>133,701</u>
<i>Net Assets End of Year</i>	<u><u>\$ 101,180</u></u>	<u><u>\$ 86,715</u></u>	<u><u>\$ 62,985</u></u>	<u><u>\$ 250,880</u></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, 2009

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,140,683	\$ 133,701	\$ 1,274,384
<i>Total Assets</i>	<u>\$ 1,140,683</u>	<u>\$ 133,701</u>	<u>\$ 1,274,384</u>
Net Assets			
Restricted for:			
Other Purposes	\$ 47,751	\$ 0	\$ 47,751
Unrestricted	<u>1,092,932</u>	<u>133,701</u>	<u>1,226,633</u>
<i>Total Net Assets</i>	<u>\$ 1,140,683</u>	<u>\$ 133,701</u>	<u>\$ 1,274,384</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, 2009

	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
Governmental Activities							
Security of Persons and Property	\$ 146,783	\$ 0	\$ 0	\$ 0	\$ (146,783)	\$ 0	\$ (146,783)
Public Health Services	10,340	0	0	0	(10,340)	0	(10,340)
Leisure Time Activities	45,964	0	0	0	(45,964)	0	(45,964)
Community Environment	2,608	1,150	0	0	(1,458)	0	(1,458)
Basic Utility Services	77,660	11,841	0	0	(65,819)	0	(65,819)
Transportation	110,622	0	57,709	0	(52,913)	0	(52,913)
General Government	281,852	6,654	0	0	(275,198)	0	(275,198)
Capital Outlay	64,542	0	0	19,776	(44,766)	0	(44,766)
Debt Service:							
Principal Retirement	255,142	0	0	0	(255,142)	0	(255,142)
Interest	23,287	0	0	0	(23,287)	0	(23,287)
Total Governmental Activities	\$ 1,018,800	\$ 19,645	\$ 57,709	\$ 19,776	\$ (921,670)	\$ 0	\$ (921,670)
Business Type Activities							
Water Operating	\$ 120,684	\$ 104,204	\$ 0	\$ 0	\$ 0	\$ (16,480)	\$ (16,480)
Sewer Operating	299,293	261,033	0	0	0	(38,260)	(38,260)
Other Enterprise Funds	143,094	137,010	0	0	0	(6,084)	(6,084)
Total Business Type Activities	563,071	502,247	0	0	0	(60,824)	(60,824)
Total Primary Government	\$ 1,581,871	\$ 521,892	\$ 57,709	\$ 19,776	\$ (921,670)	\$ (60,824)	\$ (982,494)
General Receipts							
Property Taxes					\$ 113,863	\$ 0	\$ 113,863
Municipal Income Taxes					887,037	0	887,037
Grant and Entitlements not Restricted to Specific Programs					102,287	0	102,287
Sale of Fixed Assets					12,652	0	12,652
Earnings on Investments					23,614	0	23,614
Miscellaneous					9,696	0	9,696
Total General Receipts					1,149,149	0	1,149,149
Change in Net Assets					227,479	(60,824)	166,655
Net Assets Beginning of Year					913,204	194,525	1,107,729
Net Assets End of Year					\$ 1,140,683	\$ 133,701	\$ 1,274,384

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, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,092,932	\$ 47,751	\$ 1,140,683
<i>Total Assets</i>	<u>\$ 1,092,932</u>	<u>\$ 47,751</u>	<u>\$ 1,140,683</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 17,855	\$ 1,408	\$ 19,263
Unreserved, Undesignated, Reported in:			
General Fund	1,075,077	0	1,075,077
Special Revenue Funds	<u>0</u>	<u>46,343</u>	<u>46,343</u>
<i>Total Fund Balances</i>	<u>\$ 1,092,932</u>	<u>\$ 47,751</u>	<u>\$ 1,140,683</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, 2009

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 113,863	\$ 0	\$ 113,863
Municipal Income Taxes	887,037	0	887,037
Intergovernmental	99,435	80,087	179,522
Special Assessments	11,841	0	11,841
Charges for Services	6,159	0	6,159
Fines, Licenses and Permits	1,895	0	1,895
Earnings on Investments	23,614	0	23,614
Miscellaneous	9,696	0	9,696
<i>Total Receipts</i>	<u>\$ 1,153,540</u>	<u>\$ 80,087</u>	<u>\$ 1,233,627</u>
Disbursements			
Current:			
Security of Persons and Property	\$ 143,914	\$ 2,869	\$ 146,783
Public Health Services	10,340	0	10,340
Leisure Time Activities	45,964	0	45,964
Community Environment	0	2,608	2,608
Basic Utility Services	77,660	0	77,660
Transportation	45,231	65,391	110,622
General Government	281,852	0	281,852
Capital Outlay	64,494	48	64,542
Debt Service:			
Principal Retirement	255,142	0	255,142
Interest and Fiscal Charges	23,287	0	23,287
<i>Total Disbursements</i>	<u>\$ 947,884</u>	<u>\$ 70,916</u>	<u>\$ 1,018,800</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	205,656	9,171	214,827
Other Financing Sources (Uses)			
Sale of Fixed Assets	<u>12,652</u>	<u>0</u>	<u>12,652</u>
<i>Net Change in Fund Balances</i>	218,308	9,171	227,479
<i>Fund Balances Beginning of Year</i>	<u>874,624</u>	<u>38,580</u>	<u>913,204</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 1,092,932</u></u>	<u><u>\$ 47,751</u></u>	<u><u>\$ 1,140,683</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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 117,600	\$ 117,900	\$ 113,863	\$ (4,037)
Municipal Income Taxes	900,000	900,000	887,037	(12,963)
Intergovernmental	98,200	98,200	99,435	1,235
Special Assessments	10,700	10,700	11,841	1,141
Charges for Services	5,500	5,500	6,159	659
Fines, Licenses and Permits	2,700	2,700	1,895	(805)
Earnings on Investments	20,000	20,000	23,614	3,614
Miscellaneous	12,000	12,000	9,696	(2,304)
<i>Total receipts</i>	<u>\$ 1,166,700</u>	<u>\$ 1,167,000</u>	<u>\$ 1,153,540</u>	<u>\$ (13,460)</u>
Disbursements				
Current:				
Security of Persons and Property	\$ 148,153	\$ 148,153	\$ 144,434	\$ 3,719
Public Health Services	10,340	10,340	10,340	0
Leisure Time Activities	46,714	46,714	46,501	213
Basic Utility Services	93,392	93,392	78,529	14,863
Transportation	57,077	57,077	50,763	6,314
General Government	351,805	351,805	283,369	68,436
Capital Outlay	1,064,767	1,064,767	73,374	991,393
Debt Service:				
Principal Retirement	103,273	255,142	255,142	0
Interest and Fiscal Charges	175,159	23,290	23,287	3
<i>Total Disbursements</i>	<u>\$ 2,050,680</u>	<u>\$ 2,050,680</u>	<u>\$ 965,739</u>	<u>\$ 1,084,941</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(883,980)</u>	<u>(883,680)</u>	<u>187,801</u>	<u>1,071,481</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	15,000	15,000	12,652	(2,348)
<i>Net Change in Fund Balance</i>	(868,980)	(868,680)	200,453	1,069,133
<i>Fund Balance Beginning of Year</i>	835,892	835,892	835,892	0
<i>Prior Year Encumbrances Appropriated</i>	38,732	38,732	38,732	0
<i>Fund Balance End of Year</i>	<u>\$ 5,644</u>	<u>\$ 5,944</u>	<u>\$ 1,075,077</u>	<u>\$ 1,069,133</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, 2009

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ <u>42,794</u>	\$ <u>76,612</u>	\$ <u>14,295</u>	\$ <u>133,701</u>
<i>Total Assets</i>	\$ <u><u>42,794</u></u>	\$ <u><u>76,612</u></u>	\$ <u><u>14,295</u></u>	\$ <u><u>133,701</u></u>
Net Assets:				
Unrestricted	\$ <u>42,794</u>	\$ <u>76,612</u>	\$ <u>14,295</u>	\$ <u>133,701</u>
<i>Total Net Assets</i>	\$ <u><u>42,794</u></u>	\$ <u><u>76,612</u></u>	\$ <u><u>14,295</u></u>	\$ <u><u>133,701</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, 2009

	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 104,204	\$ 261,033	\$ 137,010	\$ 502,247
<i>Total Operating Receipts</i>	<u>\$ 104,204</u>	<u>\$ 261,033</u>	<u>\$ 137,010</u>	<u>\$ 502,247</u>
Operating Disbursements				
Personal Services	\$ 29,289	\$ 19,481	\$ 0	\$ 48,770
Contractual Services	41,042	211,520	49,486	302,048
Supplies and Materials	15,784	5,727	0	21,511
Other	381	0	0	381
<i>Total Operating Disbursements</i>	<u>\$ 86,496</u>	<u>\$ 236,728</u>	<u>\$ 49,486</u>	<u>\$ 372,710</u>
<i>Operating Income (Loss)</i>	<u>17,708</u>	<u>24,305</u>	<u>87,524</u>	<u>129,537</u>
Non-Operating Receipts (Disbursements)				
Capital Outlay	\$ (34,188)	\$ (62,565)	\$ 0	\$ (96,753)
Debt Service:				
Principal Payments	0	0	(71,097)	(71,097)
Interest and Fiscal Charges	0	0	(22,511)	(22,511)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(34,188)</u>	<u>(62,565)</u>	<u>(93,608)</u>	<u>(190,361)</u>
<i>Change in Net Assets</i>	(16,480)	(38,260)	(6,084)	(60,824)
<i>Net Assets Beginning of Year</i>	<u>59,274</u>	<u>114,872</u>	<u>20,379</u>	<u>194,525</u>
<i>Net Assets End of Year</i>	<u><u>\$ 42,794</u></u>	<u><u>\$ 76,612</u></u>	<u><u>\$ 14,295</u></u>	<u><u>\$ 133,701</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, 2010 and 2009

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 publicly elected 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, 2010 and 2009

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, 2010 and 2009

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 2010 and 2009.

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.

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 2010 and 2009 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, 2010 and 2009

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 2010 and 2009, the Village invested in nonnegotiable certificates of deposit and a checking accounts and an associated sweep account. The nonnegotiable certificates of deposit are reported at cost.

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 2010 was \$13,063 and during 2009 was \$23,614.

Village of Fort Loramie
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

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, 2010 or 2009.

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 8 and 9, 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 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, 2010 and 2009

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 – 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 2010 and 2009 (budgetary basis) for the General Fund amounted to \$12,306 and \$17,855, respectively.

Note 4 – 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 treasury, 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.

Village of Fort Loramie
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments, (continued)

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. Investments may only be made through specified dealers and institutions.

Deposits

At year-ended December 31, 2010 and 2009, the carrying amount of the Village's deposits was \$1,807,700 and \$1,274,384, and the bank balance was \$1,815,937 and \$1,288,280, respectively. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$1,315,937 was exposed to custodial risk as discussed below, while \$500,000 was covered by federal depository Insurance Corporation for 2010. For 2009, \$788,280 was exposed to custodial risk as discussed below, while \$500,000 was covered by federal depository Insurance Corporation.

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.

Village of Fort Loramie
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments (continued)

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.

Note 5 – 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 2010 and 2009 were \$834,616 and \$887,037, respectively.

Note 6 - 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 2010 and 2009, 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	1,000,000
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 Year Ended December 31, 2010 and 2009

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 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, 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 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2009, 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 taxes (other than public utility property) were entirely phased out in 2010. 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.

The assessed values of real property, public utility property, and tangible personal property upon which 2010 and 2009 property tax receipts were based are as follows:

Real Property	<u>2010</u>	<u>2009</u>
Residential & Agriculture	\$27,731,170	\$27,380,800
Commercial/Industrial	6,716,780	7,942,950
Public Utility Property	392,900	375,770
Tangible Personal Property	0	10,140
Total Assessed Value	<u>\$34,840,850</u>	<u>\$35,709,660</u>

Tax rate per \$1,000 of Assessed Valuation

Village of Fort Loramie
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 8 – 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 Pension 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 in nature to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish 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, 277 East Town Street, Columbus, Ohio 43215-5601, or by calling (614) 222- 6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010 and 2009, member and contribution rates were consistent across all three plans, law enforcement and public safety divisions exist only within the traditional plan. The 2010 and 2009, member contribution rates were 10.0 percent, for members in state and local classifications, public safety and law enforcement members contributed 10.1 percent and 11.1 percent, respectively.

The Village's contribution rate for 2010 and 2009 was 14.0 percent, of covered payroll, except for those plan members in law enforcement or public safety, for whom the Village contribution was 17.87 percent for 2010 and 17.4 percent for 2009 of covered payroll.

The Village's required contributions for the years' pension obligations to the tradition pension and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$44,348, \$49,248, and \$50,845, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

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 statements 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 Year Ended December 31, 2010 and 2009

Note 8 – Defined Benefit Pension Plans (continued)

Plan members are required to contribute 10.0 percent of their annual covered salary, while the Village is required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. Contribution rates are established by state statute. The OP & F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The Village's required contributions for pension obligations to OP&F for police officers for the years ended December 31, 2010, 2009 and 2008 were \$24,196, \$29,961, and \$25,640, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

Note 9 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—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 defined contribution plan.

Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan. For qualifying members of the Traditional Pension and Combined Plans, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to 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 healthcare 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 in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides 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 benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, local government employer units contributed at 14 percent of covered payroll and law enforcement or public safety contribution was 17.87 percent for 2010 and 17.4 percent for 2009. 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 enforcement or public safety units. Active members do not make contributions to the OPEB plan.

Village of Fort Loramie
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 9 – Postemployment Benefits (continued)

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, 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 January 1 through February 28, 2010, the employer contribution allocated to the health care plan was 5.5 percent and 5.0 percent from March 1 through December 31, 2010, respectively, of covered payroll. For January 1 through March 31, 2009, the employer contribution allocated to the health care plan was 7.0 percent and 5.5 percent from April 1 through December 31, 2009, respectively, of covered payroll. The portion of employer contributions allocated to health care for members in the combined plan was 4.73 percent from January 1, 2010 through February 28, 2010 and 4.23 percent from March 1, 2010 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$15,078, \$20,192, and \$20,338, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

The OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates for state and local employers increased as of January 1, of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the healthcare 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.

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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Village of Fort Loramie
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 9 – Postemployment Benefits (continued)

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, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.0 percent 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.

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, 2010, the employer contribution allocated to the health care plan was 6.75 percent 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 police officers for the years ended December 31, 2010, 2009, and 2008 were \$8,372, \$10,367, and \$8,871, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

Note 10 - Debt

The Village's long-term debt activity for the year ended December 31, 2010 was as follows:

	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Balance Due Within One Year
Ohio Public Works-Monterey Dr.	86,107	0	4,532	81,575	4,532
Industrial Park	331,809	0	98,831	232,978	104,247
Ohio Water Development Loan	38,030	0	5,229	32,801	5,629
Total Governmental Activities	455,946	0	108,592	347,354	114,408
Ohio Water Development - WTP	0	3,242	0	3,242	0
Sanitary Sewer Improvement	260,000	0	25,000	235,000	25,000
Total Business Type Activities	260,000	3,242	25,000	238,242	25,000
Total Long-Term Obligations	715,946	3,242	133,592	585,596	139,408

Village of Fort Loramie
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 10 – Debt (continued)

The Village’s long-term debt activity for the year ended December 31, 2009 was as follows:

	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Balance Due Within One Year
Ohio Public Works-Monterey Dr.	90,639	0	4,532	86,107	4,532
Industrial Park	425,693	0	93,884	331,809	98,831
Ohio Water Development Loan	42,887	0	4,857	38,030	5,229
Total Governmental Activities	559,219	0	103,273	455,946	108,592
Sanitary Sewer Improvement	280,000	0	20,000	260,000	25,000
Water Tower Replacement	202,966	0	202,966	0	0
Total Business Type Activities	482,966	0	222,966	260,000	25,000
Total Long-Term Obligations	1,042,185	0	326,239	715,946	133,592

Ohio Public Works (OPWC) Loan was used for construction on Monterey Drive. The debt will be repaid in semi-annual payments of \$2,266 at 0% interest, final payment due July 2028.

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

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

The Village was approved for a Water Tower Project through Ohio Water Development Authority. The total loan has been approved for \$923,492. As of December 31, 2010, \$3,242 was drawn on the loan for loan fees and capitalized interest. The loan is for a 20 year period, with semi- annual payments, commencing on January 1, 2012 and final payment due July 1, 2031, interest rate 3.17%. No amortization schedule has been provided at this time.

Village of Fort Loramie
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 10 – Debt (continued)

Year Ending December 31:	Sanitary Sewer Improvement Refunding Bond		OWDA Loan		Industrial Park Note		Ohio Public Works
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2011	\$ 25,000	12,690	\$ 5,629	2,296	\$ 104,247	9,922	\$ 4,532
2012	25,000	11,340	6,060	1,902	109,939	4,231	4,532
2013	25,000	9,990	6,524	1,477	18,792	129	4,532
2014	30,000	8,640	7,024	1,021	0	0	4,532
2015	30,000	7,020	7,564	528	0	0	4,532
2016 - 2020	100,000	11,070	0	0	0	0	22,660
2021 - 2025	0	0	0	0	0	0	22,660
2026 - 2030	0	0	0	0	0	0	13,595
Total	\$ 235,000	60,750	\$ 32,801	7,224	\$ 232,978	14,282	\$ 81,575

Note 11 – Transfers

Interfund transfers for the year ended December 31, 2010, consisted of the following, as reported in the fund financial statements: Transfers from the general fund:

<u>2010</u>	
Transfers to:	
Water Operating Fund	\$ 100,000

There were no transfers in 2009.

Transfers are used to; move revenues from the fund required to collect them to the fund required to expend them, to move receipts restricted to debt service from the funds collecting them to the debt service fund as debt service payments become due, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

Note 12 – Subsequent Events

The Village has been approved for Water Treatment Plant through the EPA. Funding for the plant has been approved OWDA for a loan in the amount \$923,437. In addition, the Village has been approved through OPWC in the amount of \$500,000, first disbursement February 24, 2011 total project cost 1.7 million.

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

Members of Council
Village of Fort Loramie
14 Elm Street
PO Box 10
Fort Loramie, Ohio 45845

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, 2010 and 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 15, 2011, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect, and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a more than reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected, and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 that we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 15, 2011.

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 15, 2011

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Dave Yost • 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 14, 2011