



**VILLAGE OF SHAWNEE
PERRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SHAWNEE
PERRY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Shawnee
Perry County
101 West Walnut Street
P.O. Box 15
Shawnee, Ohio 43782

To the Village Council:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

March 27, 2001

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**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 32,376	\$ 22,558	\$ 10,559	\$ 65,493
Intergovernmental Receipts	51,738	13,371	1,408	66,517
Charges for Services		10,809		10,809
Fines, Licenses, and Permits	11,888	5,161		17,049
Earnings on Investments	11,838	45		11,883
Miscellaneous	3,398	503		3,901
	<u>111,238</u>	<u>52,447</u>	<u>11,967</u>	<u>175,652</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	50,607	35,798		86,405
Public Health Services	149	1,798		1,947
Community Environment		1,776		1,776
Transportation	698	14,856		15,554
General Government	43,804	1,314		45,118
Debt Service:				
Principal Payments	7,768			7,768
Interest Payments	414			414
Capital Outlay			401	401
	<u>103,440</u>	<u>55,542</u>	<u>401</u>	<u>159,383</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>7,798</u>	<u>(3,095)</u>	<u>11,566</u>	<u>16,269</u>
Other Financing Receipts/(Disbursements):				
Advances-In	7,000	25,000		32,000
Advances-Out	<u>(7,000)</u>	<u>(25,000)</u>		<u>(32,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>7,798</u>	<u>(3,095)</u>	<u>11,566</u>	<u>16,269</u>
Fund Cash Balances January 1	<u>5,772</u>	<u>63,133</u>	<u>11,056</u>	<u>79,961</u>
Fund Cash Balances, December 31	<u><u>\$ 13,570</u></u>	<u><u>\$ 60,038</u></u>	<u><u>\$ 22,622</u></u>	<u><u>\$ 96,230</u></u>

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$ 125,325	\$	\$	\$ 125,325
Interest	881	40		921
Total Operating Cash Receipts	126,206	40	0	126,246
Operating Cash Disbursements:				
Personal Services	18,875			18,875
Fringe Benefits	2,526			2,526
Contractual Services	66,192			66,192
Supplies and Materials	12,936			12,936
Capital Outlay	177,026			177,026
Miscellaneous	9,584			9,584
Total Operating Cash Disbursements	287,139	0	0	287,139
Operating Income/(Loss)	(160,933)	40	0	(160,893)
Non-Operating Cash Receipts:				
Intergovernmental Receipts	194,841			194,841
Other Non-Operating Receipts			19,709	19,709
Total Non-Operating Cash Receipts	194,841	0	19,709	214,550
Non-Operating Cash Disbursements:				
Debt Service	23,044			23,044
Other Non-Operating Cash Disbursements			19,709	19,709
Total Non-Operating Cash Disbursements	23,044	0	19,709	42,753
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	10,864	40	0	10,904
Transfers-In	10,888			10,888
Transfers-Out	(10,888)			(10,888)
Net Cash Receipts Over/(Under) Cash Disbursements	10,864	40	0	10,904
Fund Cash Balances, January 1	54,961	1,737	0	56,698
Fund Cash Balances, December 31	\$ 65,825	\$ 1,777	\$ 0	\$ 67,602

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

<u>Funds:</u>	<u>Balance 01/01/99</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 12/31/99</u>
General Fund	\$ 6,028	\$ 108,826	\$ 109,082	\$ 5,772
Special Revenue Funds:				
Street Construction, Maintenance and Repair	(7,365)	20,918	16,507	(2,954)
State Highway Improvement	3,932	1,148	2,000	3,080
Cemetery	(3,421)	3,731	960	(650)
Fire	40,144	28,984	18,194	50,934
Emergency Medical Services	3,780	5,784	17	9,547
Court Computerization	589	1,504	803	1,290
Drug/DUI Enforcement	<u> </u>	<u>2,122</u>	<u>236</u>	<u>1,886</u>
Total Special Revenue Funds	37,659	64,191	38,717	63,133
Capital Projects Fund:				
Fire Truck Levy Fund	4,014	13,879	6,837	11,056
Ohio Public Works Commission Issue II	<u> </u>	<u>6,219</u>	<u>6,219</u>	<u>0</u>
Total Capital Projects Funds	4,014	20,098	13,056	11,056
Enterprise Funds:				
Water	19,058	98,957	103,291	14,724
GE Loan		11,238	11,238	
Water Reserve	18,764	861		19,625
Wastewater (Sewer)	<u>31,188</u>	<u>24,367</u>	<u>34,943</u>	<u>20,612</u>
Total Enterprise Funds	69,010	135,423	149,472	54,961
Nonexpendable Trust Funds:				
Cemetery Bequest	175			175
Other Cemetery	<u>1,525</u>	<u>37</u>		<u>1,562</u>
Total Nonexpendable Trust Funds	1,700	37	0	1,737
Agency Fund:				
Mayor's Court	<u>739</u>	<u>19,090</u>	<u>19,829</u>	<u>0</u>
Total Agency Funds	<u>739</u>	<u>19,090</u>	<u>19,829</u>	<u>0</u>
Total All Funds	<u>\$ 119,150</u>	<u>\$ 347,665</u>	<u>\$ 330,156</u>	<u>\$ 136,659</u>

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

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**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Shawnee, Perry County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council, and an elected Mayor and Clerk. The Village provides general governmental services, including maintenance of streets and cemeteries, water utility services, park operations, emergency medical services, and police and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State. However, the accompanying financial statement for 1999 does not present the receipts and disbursement classifications prescribed by the Auditor of State.

C. Cash and Investments

Certificates of deposit and savings accounts are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Fire Fund - This fund receives money from a tax levy approved by the voters to provide fire protection for the Village. This fund also receives money from a contract with Salt Lick Township to provide fire protection to the residents of that Township.

Emergency Medical Services Fund - This fund receives money from a tax levy approved by the voters to provide emergency medical services for the residents of the Village.

3. Capital Project Funds

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

Fire Truck Levy Fund - This fund receives money from a tax levy approved by the voters to provide for payment of principal and interest on a note issued for the purchase of a fire truck.

Ohio Public Works Commission Issue II Fund - This fund accounts for the transactions related to the Village's Issue II projects.

4. Enterprise Funds

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

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

Wastewater (Sewer) Fund - This fund receives loan proceeds from the Ohio Water Development Authority to fund engineering costs for construction of a wastewater (sewer) system. This loan may be repaid from a future grant. This fund also receives customer assessments for future wastewater (sewer) service.

6. Fiduciary Funds (Trust and Agency Funds)

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Trust and Agency Funds) (Continued)

Cemetery Bequest Funds - These nonexpendable trust funds are to account for money received, and placed in trust, for the perpetual care of an individual's grave. Only the interest earned on the trusts can be used for the costs of maintaining the cemeteries.

Mayor's Court Fund - This agency fund accounts for the financial activity of the Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting, and, accordingly, did not encumber all commitments required by Ohio law.

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

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 142,430	\$ 115,297
Certificates of deposit	19,625	19,625
Cemetery Savings Accounts	<u>1,777</u>	<u>1,737</u>
Total deposits	<u>\$ 163,832</u>	<u>\$ 136,659</u>

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 90,255	\$ 111,238	\$ 20,983
Special Revenue	47,000	52,447	5,447
Capital Projects	13,400	11,967	(1,433)
Enterprise	360,753	331,935	(28,818)
Nonexpendable Trust	<u>0</u>	<u>40</u>	<u>40</u>
Total	<u>\$ 511,408</u>	<u>\$ 507,627</u>	<u>\$ (3,781)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 113,950	\$ 103,440	\$ 10,510
Special Revenue	120,303	55,542	64,761
Capital Projects	24,457	401	24,056
Enterprise	377,108	321,071	56,037
Nonexpendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 635,818</u>	<u>\$ 480,454</u>	<u>\$ 155,364</u>

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 91,016	\$ 108,826	\$ 17,810
Special Revenue	49,910	64,191	14,281
Capital Projects	11,980	20,098	8,118
Enterprise	166,638	135,423	31,215
Nonexpendable Trust	0	37	37
Total	\$ 319,544	\$ 328,575	\$ 71,461

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 109,082	\$ (109,082)
Special Revenue	0	38,717	(38,717)
Capital Projects	0	13,056	(13,056)
Enterprise	0	149,472	(149,472)
Nonexpendable Trust	0	0	0
Total	\$ 0	\$ 310,327	\$ (310,327)

The 1999 and 2000 tax budgets were not filed on or before the required date. The 1999 tax budget was adopted January 7, 1999. The 2000 tax budget was never adopted.

The Village did not certify available balances or revenue to the County Auditor on or about the first day of the fiscal year for 1999 and 2000. Amounts were not certified to the County Auditor until March 12, 1999 and May 3, 2000, respectively.

The Village did not adopt an annual appropriation measure for 1999. As a result expenditures exceeded appropriations in 1999.

Appropriations exceeded estimated resources during and at the end of 2000, in the General Fund, Street Construction, Maintenance and Repair Fund, Cemetery Fund, GE Loan Fund, and Wastewater Fund.

4. PROPERTY TAX

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

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

4. PROPERTY TAX (Continued)

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

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest</u>
Mortgage Revenue Bonds	\$ 70,750	5.00%
Ohio Water Development Authority Loans	43,700	0.00%
Ohio Public Works Commission Loan	<u>78,163</u>	0.00%
Total	<u>\$ 192,613</u>	

The Mortgage Revenue Bonds relate to a water line expansion and improvement project. The Ohio Water Development Authority (OWDA) and Ohio Public Works Commission loans relate to funding engineering costs for construction of a wastewater (sewer) system. The Village has pledged the revenues from the utility systems and the facilities to pay for the mortgage revenue bonds and the full faith and credit of the Village to pay for the OWDA and OWPC loans.

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

<u>Year Ending December 31:</u>	<u>Mortgage Revenue Bonds</u>	<u>OWDA Loans</u>	<u>OPWC Loan</u>
2001	\$ 10,538	\$ 7,170	\$ 4,225
2002	11,187	7,170	4,225
2003	10,788	7,170	4,225
2004	11,387	7,170	4,225
2005	10,938	7,170	4,225
Subsequent	<u>32,712</u>	<u>7,850</u>	<u>57,038</u>
Total	<u>\$ 87,550</u>	<u>\$ 43,700</u>	<u>\$ 78,163</u>

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% for participants in the PFDPF. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self-Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability, including police professional and public officials liability
- Auto and vehicle, including liability, uninsured motorist, comprehensive, collision and medical payments
- Blanket real and personal property, buildings and contents, including valuable papers
- Inland marine, including radio equipment

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

Village of Shawnee
Perry County
101 West Walnut Street
P.O. Box 15
Shawnee, Ohio 43782

To the Village Council:

We have audited the accompanying financial statements of the Village of Shawnee, Perry County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 27, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-31064-001 through 2000-31064-007. In addition, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 27, 2001.

Village of Shawnee
Perry County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 27, 2001

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

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

FINDING NUMBER 2000-31064-001

Noncompliance Citation

Ohio Rev. Code Section 5705.28 requires that on or before July 15, in each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding fiscal year. The Village did adopt a tax budget for 1999 until January 7, 1999. The budget for 2000, which was not dated, was filed with the County Auditor. However, there was no evidence that it was adopted by Village Council.

We recommend the Village prepare the annual budget, hold an annual budget hearing and officially adopt the budget in the minute record no later than July 15.

FINDING NUMBER 2000-31064-002

Noncompliance Citation

Ohio Rev. Code Section 5705.34 requires each taxing authority to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the County Auditor before October 1.

The Village did not present evidence that the necessary rates were authorized and certified to the County Auditor on or before October 1, 1998 and 1999 for tax budget years 1999 and 2000, respectively.

We recommend the Village authorize the necessary rates and certify them to the County Auditor on or before October 1 of each year.

FINDING NUMBER 2000-31064-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 requires that, on or about the first day of each fiscal year, the fiscal officers of subdivisions or other taxing units are to certify to the County Auditor the total amount from all sources which is available for expenditure from each fund in the tax budget along with any balances that existed at the end of the preceding year. In addition, a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Village did not prepare the certification of available revenue and certify it to the County Auditor for 1999 and 2000 until March 12, 1999 and May 3, 2000, respectively. During these years, actual revenues were below the estimated amounts which resulted in appropriations exceeding estimated resources.

VILLAGE OF SHAWNEE
PERRY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)

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

FINDING NUMBER 2000-31064-003 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.36 (Continued)

We recommend the Village complete and file the certification of available revenue with the County Auditor on or about the first day of each year. We also recommend the Village monitor these estimates and obtain a reduced amended certificate if it becomes known that the amount of revenue originally estimated will not be realized and the amount of the deficiency will reduce available resources below the current level of appropriation.

FINDING NUMBER 2000-31064-004

Noncompliance Citation

Ohio Rev. Code Section 5705.38 requires that, on or about the first day of each fiscal year, an appropriation measure be adopted. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting ordinary expenses until April 1.

No appropriation measure was adopted for 1999. As a result, the Village expended money throughout the audit period without a properly approved appropriation measure.

We recommend the Village complete and adopt an annual appropriation measure on or about the first day of each fiscal year or adopt a temporary appropriation measure until April 1 and/or before the expenditure of any money.

FINDING NUMBER 2000-31064-005

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded the total estimated revenue during and at the end of 2000 in the General Fund, Street Construction, Maintenance and Repair Fund, Cemetery Fund, GE Loan Fund and Wastewater Fund.

We recommend the Village monitor budgetary data to ensure that total appropriations from each fund do not exceed the total estimated revenue.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-31064-006

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall expend any money unless it has been properly appropriated.

For the year ended December 31, 1999, actual disbursements exceeded appropriations as follows:

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 107,932	\$ (107,932)
Street Construction, Maintenance and Repair	\$ 0	\$ 16,507	\$ (16,507)
State Highway	\$ 0	\$ 2,000	\$ (2,000)
Cemetery	\$ 0	\$ 960	\$ (960)
Fire Levy	\$ 0	\$ 18,194	\$ (18,194)
Emergency Medical Services Levy	\$ 0	\$ 17	\$ (17)
Fire Equipment Levy	\$ 0	\$ 6,456	\$ (6,456)
OPWC Issue II	\$ 0	\$ 6,219	\$ (6,219)
GE Loan	\$ 0	\$ 11,238	\$ (11,238)
Water	\$ 0	\$ 103,291	\$ (103,291)
Wastewater	\$ 0	\$ 34,743	\$ (34,743)

This resulted because the appropriations, prepared by the Village Clerk, were never adopted by Village Council and, therefore, were not considered valid.

We recommend the Village Council formally adopt all budgetary measures and subsequent amendments and ensure the minutes reflect all such resolutions.

FINDING NUMBER 2000-31064-007

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing authority shall make any contract or order an expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section provides two "exceptions" to the above requirement:

VILLAGE OF SHAWNEE
PERRY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)

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

FINDING NUMBER 2000-31064-007 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(D) (Continued)

- A. "Then and Now" Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free from any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

In 1999 and continuing to May, 2000, the Village did not utilize the encumbrance method of accounting and, accordingly, did not obtain the necessary prior certification of available funds before incurring any obligations.

We recommend the Village continue to utilize purchase orders and obtain the fiscal officer's certification of the availability of funds prior to a commitment being incurred.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-31064-001	A Finding for Recovery was issued in the amount of \$470.16 against John Pesimer, Sr., the former mayor, for a shortage in the Mayor's Court.	No	Different Corrective Action Taken: The Village Council declined to pursue collection of the finding against Mr. Pesimer.
1998-31064-002	A material noncompliance citation was issued under Ohio Rev. Code Section 117.38 for failing to prepare and file annual financial reports with the Auditor of State.	No	Partially Corrected: The Village did not file an annual financial report for 1999, but did in 2000. The issue is addressed in the Management Letter.
1998-31064-003	A material noncompliance citation was issued under Ohio Rev. Code Section 731.14 for failing to obtain competitive bids.	Yes	Finding No Longer Valid: There were no transactions subject to competitive bidding in 1999 or 2000.
1998-31064-004	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.10 for the existence of deficit fund balances in several funds.	No	Partially Corrected: The issue was not significant for 1999 and 2000. It is addressed in the Management Letter.
1998-31064-005	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.28 for failing to adopt and file tax budgets.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 2000-31064-001.
1998-31064-006	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.36 for failing to file the certificate of all sources available for expenditure with the County Auditor.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 2000-31064-003.
1999-31064-007	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated resources in several funds.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 2000-31064-005.

**VILLAGE OF SHAWNEE
PERRY COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-31064-008	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.38 for failing to adopt appropriations measures.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 2000-31064-004.
1999-31064-009	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) expenditures exceeding appropriations in several funds.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 2000-31064-006.
1999-31064-010	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not utilizing the encumbrance method of accounting and for failing to obtain prior certification of available funds.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 2000-31064-007.
1999-31064-011	A material noncompliance citation and reportable condition was issued under Ohio Admin. Code Section 117-5-10 for failing to maintain a receipts ledger.	Yes	Corrected: The Village adopted the use of the UAN accounting system in 2000. For 1999, the issued is addressed in the Management Letter.
1999-31064-012	A material noncompliance citation and reportable condition was issued under Ohio Admin. Code Section 117-5-11 for failing to maintain an appropriations ledger.	Yes	Corrected: The Village adopted the use of the UAN accounting system in 2000. For 1999, the issued is addressed in the Management Letter.
1999-31064-013	A reportable condition was issued for the failure to adequately maintain effective budgetary control.	Yes	Corrected: The Village adopted the use of the UAN accounting system in 2000. For 1999, the issued is addressed in the Management Letter.



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OFFICE OF THE AUDITOR

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VILLAGE OF SHAWNEE

PERRY 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
JUNE 19, 2001**