

***VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2011 & 2010***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Village Council  
Village of Shawnee  
P.O. Box 15  
Shawnee, Ohio 43782

We have reviewed the *Report of Independent Accountants* of the Village of Shawnee, Perry County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 to December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Shawnee is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

December 11, 2012

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**VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2011 & 2010**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Shawnee  
Perry County  
PO 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, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

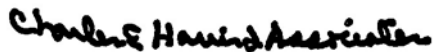
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Shawnee, Perry County, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

As described in Note 8, during 2010 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2012, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



***Charles E. Harris & Associates, Inc.***

September 14, 2012



VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES**  
All Governmental Fund Types  
For the Year Ended December 31, 2011

	Governmental Fund Types				Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent Funds	
<b>Receipts:</b>					
Property Taxes	\$ 51,364	\$ 23,424	\$ 10,911	\$ -	\$ 85,699
Intergovernmental	125,122	44,718	-	-	169,840
Charges for Service	-	13,618	-	-	13,618
Fines, Licenses and Permits	100	-	-	-	100
Interest	2,189	-	-	-	2,189
Other	4,997	-	-	-	4,997
<b>Total Receipts</b>	<b>183,772</b>	<b>81,760</b>	<b>10,911</b>	<b>-</b>	<b>276,443</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Security of Persons & Property	32,229	42,419	1,500	-	76,148
Public Health Service	322	5,600	-	-	5,922
Transportation	168	19,283	-	-	19,451
General Government	41,637	3,827	-	-	45,464
Capital Outlay	94,951	-	3,000	-	97,951
<b>Debt Service:</b>					
Principal	-	-	26,218	-	26,218
Interest	-	-	701	-	701
<b>Total Disbursements</b>	<b>169,307</b>	<b>71,129</b>	<b>31,419</b>	<b>-</b>	<b>271,855</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>14,465</b>	<b>10,631</b>	<b>(20,508)</b>	<b>-</b>	<b>4,588</b>
<b>Other Financing Sources/Uses:</b>					
Loan Proceeds	-	-	26,919	-	26,919
<b>Total Other Sources/Uses</b>	<b>-</b>	<b>-</b>	<b>26,919</b>	<b>-</b>	<b>26,919</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>14,465</b>	<b>10,631</b>	<b>6,411</b>	<b>-</b>	<b>31,507</b>
<b>Fund Cash Balance, January 1, 2011</b>	<b>59,210</b>	<b>64,229</b>	<b>41,815</b>	<b>1,065</b>	<b>166,319</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	1,065	1,065
Restricted	-	74,860	48,226	-	123,086
Unassigned	73,675	-	-	-	73,675
<b>Fund Cash Balance, December 31, 2011</b>	<b>\$ 73,675</b>	<b>\$ 74,860</b>	<b>\$ 48,226</b>	<b>\$ 1,065</b>	<b>\$ 197,826</b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF SHAWNEE**  
**PERRY COUNTY, OHIO**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND**  
**CASH BALANCES -PROPRIETARY FUND TYPE**  
**For the Year Ended December 31, 2011**

	Proprietary Fund Type Enterprise
<b>Operating Receipts:</b>	
Charges for Services	\$ 228,815
<b>Total Operating Receipts</b>	<b>228,815</b>
<b>Operating Disbursements:</b>	
Personal Services	25,764
Employee Fringe Benefits	1,398
Contractual Services	229,101
Supplies and Materials	33,484
Other	11,723
<b>Total Operating Disbursements</b>	<b>301,470</b>
<b>Operating Income</b>	<b>(72,655)</b>
<b>Non-Operating Receipts/(Disbursements):</b>	
<b>Debt Service:</b>	
Principal Retirement	(24,172)
Interest and Fiscal Charges	(49,428)
Intergovernmental	105,616
Loan Proceeds	29,151
<b>Total Nonoperating Receipts/(Disbursements)</b>	<b>61,167</b>
<b>Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements</b>	<b>(11,488)</b>
<b>Fund Cash Balance, January 1, 2011</b>	<b>139,705</b>
<b>Fund Cash Balance, December 31, 2011</b>	<b>\$ 128,217</b>

See Accompanying Notes to the Financial Statements.

VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES**  
All Governmental Fund Types  
For the Year Ended December 31, 2010

	Governmental Fund Types				Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent Funds	
<b>Receipts:</b>					
Property Taxes	\$ 57,921	\$ 22,397	\$ 10,641	\$ -	\$ 90,959
Intergovernmental	25,915	25,667	-	-	51,582
Charges for Service	-	11,111	-	-	11,111
Fines, Licenses and Permits	749	55	-	-	804
Interest	799	-	-	-	799
Other	635	305	-	-	940
<b>Total Receipts</b>	<b>86,019</b>	<b>59,535</b>	<b>10,641</b>	<b>-</b>	<b>156,195</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Security of Persons & Property	40,651	20,995	-	-	61,646
Public Health Service	382	5,600	-	-	5,982
Community Environment	-	540	-	-	540
Transportation	458	21,177	-	-	21,635
General Government	51,712	3,661	-	-	55,373
Capital Outlay	-	288,388	28,818	-	317,206
<b>Debt Service:</b>					
Interest & Fiscal Charges	-	-	400	-	400
<b>Total Disbursements</b>	<b>93,203</b>	<b>340,361</b>	<b>29,218</b>	<b>-</b>	<b>462,782</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(7,184)</b>	<b>(280,826)</b>	<b>(18,577)</b>	<b>-</b>	<b>(306,587)</b>
<b>Other Financing Sources/Uses:</b>					
Loan Proceeds	-	289,771	26,218	-	315,989
Other Financing Sources	2,771	500	-	-	3,271
<b>Total Other Sources/Uses</b>	<b>2,771</b>	<b>290,271</b>	<b>26,218</b>	<b>-</b>	<b>319,260</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>(4,413)</b>	<b>9,445</b>	<b>7,641</b>	<b>-</b>	<b>12,673</b>
<b>Fund Cash Balance, January 1, 2010</b>	<b>63,623</b>	<b>54,784</b>	<b>34,174</b>	<b>1,065</b>	<b>153,646</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	1,065	1,065
Restricted	-	64,229	41,815	-	106,044
Assigned	290	-	-	-	290
Unassigned	58,920	-	-	-	58,920
<b>Fund Cash Balance, December 31, 2010</b>	<b>\$ 59,210</b>	<b>\$ 64,229</b>	<b>\$ 41,815</b>	<b>\$ 1,065</b>	<b>\$ 166,319</b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES -PROPRIETARY FUND TYPE  
For the Year Ended December 31, 2010**

	<u>Proprietary Fund Type Enterprise</u>
<b>Operating Receipts:</b>	
<b>Charges for Services</b>	<b>\$ <u>232,203</u></b>
<b>Total Operating Receipts</b>	<b><u>232,203</u></b>
<b>Operating Disbursements:</b>	
Personal Services	23,779
Employee Fringe Benefits	1,078
Contractual Services	110,260
Supplies and Materials	22,101
Other	<u>15,310</u>
<b>Total Operating Disbursements</b>	<b><u>172,528</u></b>
<b>Operating Income</b>	<b><u>59,675</u></b>
<b>Non-Operating Receipts/(Disbursements):</b>	
Capital Outlay	(347,788)
Debt Service:	
Principal Retirement	(25,475)
Interest and Fiscal Charges	(49,126)
Intergovernmental	<u>350,984</u>
<b>Total Nonoperating Receipts/(Disbursements)</b>	<b><u>(71,405)</u></b>
<b>Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements</b>	<b>(11,730)</b>
<b>Fund Cash Balance, January 1, 2010</b>	<b><u>151,435</u></b>
<b>Fund Cash Balance, December 31, 2010</b>	<b>\$ <u><u>139,705</u></u></b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF SHAWNEE**  
**PERRY COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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 for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides general governmental services, street maintenance, cemetery maintenance, police and fire protection, emergency medical services, and water and sewer services for its citizens.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

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

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

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Street Construction Maintenance & Repair Fund- This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.
- Federal Grant Fund- This fund receives money OWDA for water and sewer improvements.
- Fire Levy Fund- This fund receives money from three surrounding townships to provide fire protection services.

Proprietary Fund Types:

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Village has the following significant Enterprise Funds:

- Sewer Fund- This fund receives loans and grants for the planning construction of a wastewater collection system as well as user fees from residents for the operation of the system.
- Water Fund- This fund receives loans and grants for the planning construction of a water distribution system as well as user fees for the operation of the system.

**VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Fiscal Officer by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2010 and 2011. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**VILLAGE OF SHAWNEE**  
**PERRY COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS- (Continued)

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

F. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources.

1. Nonspendable- The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. Restricted- Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. Committed- The Village Council can commit amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.
5. Unassigned- Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.



**VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE - (Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. PROPERTY, PLANT AND EQUIPMENT

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

H. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2011</u>	<u>2010</u>
Demand Deposits	<u>\$326,043</u>	<u>\$306,024</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update.

**VILLAGE OF SHAWNEE**  
**PERRY COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

3. PROPERTY TAXES-(Continued)

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

<u>Fund:</u>	<u>2011 Budgeted vs Actual Receipts</u>		
	<u>Budgeted</u> Receipts	<u>Actual</u> Receipts	<u>Variance</u>
General Fund	\$ 175,550	\$ 183,772	\$ 8,222
Special Revenue	60,300	81,760	21,460
Capital Projects	35,719	37,830	2,111
Permanent	10	-	(10)
Enterprise Fund	466,700	363,582	(103,118)

<u>Fund:</u>	<u>2011 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation</u> Authority	<u>Budgetary</u> Disbursements	<u>Variance</u>
General Fund	\$ 201,795	\$ 169,307	\$ 32,488
Special Revenue	89,870	71,129	18,741
Permanent	10	-	10
Capital Projects	36,919	31,419	5,500
Enterprise Fund	534,085	375,070	159,015

**VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

4. BUDGETARY ACTIVITY-(Continued)

<u>Fund:</u>	<u>2010 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 87,040	\$ 88,790	\$ 1,750
Special Revenue	328,800	349,806	21,006
Capital Projects	44,800	36,859	(7,941)
Permanent	10	-	(10)
Enterprise Fund	1,099,900	583,187	(516,713)

<u>Fund:</u>	<u>2010 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 105,127	\$ 93,493	\$ 11,634
Special Revenue	388,420	340,361	48,059
Capital Projects	46,000	29,218	16,782
Permanent	10	-	10
Enterprise Fund	672,315	594,917	77,398

The Village was in violation of ORC 5705.39 in 2010.

5. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. 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 prescribed by the Ohio Revised Code. For 2011 and 2010 OPERS, members contributed 10.00% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll. The Village paid all required contributions through 2011.

6. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

**RISK POOL MEMBERSHIP**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

**VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

6. RISK MANAGEMENT – (Continued)

RISK POOL MEMBERSHIP – (Continued)

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level. At December 31, 2010 retention levels are \$150,000 for property and casualty coverage.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$1,950,167	\$ 2,109,514
Liabilities	<u>(1,656,732)</u>	<u>(1,920,839)</u>
Accumulated deficit	<u>\$293,435</u>	<u>\$188,675</u>

There have been no significant reductions in insurance coverage from the prior fiscal years and settled claims have not exceeded this commercial coverage in any of the last three years. The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

7. DEBT

Debt outstanding at December 31, 2011 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
OPWC #CT451	\$ 33,800	0.00%
OWDA #4355	58,249	1.00%
OWDA#5271	71,471	0.00%
OWDA#5847	55,326	1.50%
USDA	1,079,000	4.375%
	<u>\$ 1,297,846</u>	

Debt in the previous audit report was understated by \$66,409.

\$284,868 of OWDA loan #5271 was forgiven in 2010.

**VILLAGE OF SHAWNEE  
PERRY COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

7. DEBT – (Continued)

The OPWC loans relate to EPA mandated water and sewer construction projects.

Principal and interest requirements for loans outstanding at December 31, 2011 is as follows:

<u>Year Ended</u>	OPWC #CT963	OWDA #4355	OWDA #5271	OWDA #5847	USDA
2012	\$4,225	\$4,478	\$2,508	\$2,329	\$60,894
2013	4,225	4,478	2,508	2,329	61,150
2014	4,225	4,478	2,508	2,329	61,363
2015	4,225	4,478	2,508	2,329	61,841
2016	4,225	4,478	2,508	2,329	61,841
2017-2021	12,675	22,390	12,540	11,645	309,210
2022-2026	-	20,151	12,540	11,645	309,210
2027-2031	-	-	12,540	11,645	309,210
2032-2036	-	-	12,540	11,645	309,210
2037-2040	-	-	8,771	11,645	309,210
2041-2044	-	-	-	2,329	247,368
<b>Total</b>	<b>\$33,800</b>	<b>\$64,931</b>	<b>\$71,471</b>	<b>\$72,199</b>	<b>\$2,100,507</b>

8. CHANGE IN ACCOUNTING PRINCIPLE

For 2010, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Village of Shawnee  
Perry County  
PO Box 15  
Shawnee, Ohio 43782

To Village Council:

We have audited the financial statements of the Village of Shawnee, Perry County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 14, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and implemented GASB Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 opinions 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 more than a 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 to be 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 such an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as finding 2011-SHAW-01.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and accordingly, we express no opinion on it.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 14, 2012.

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



*Charles E. Harris and Associates, Inc.*

September 14, 2012

**VILLAGE OF SHAWNEE  
PERRY COUNTY  
Schedule of Findings  
December 31, 2011 and 2010**

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

**Finding Number 2011-SHAW-01 - Noncompliance Citation**

Appropriations Exceeded Estimated Resources

Ohio Revised Code Section 5705.39 states, in part, that "... The total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure there from, as certified by the budget commission..." This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor’s certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources. Contrary to this requirement, the following fund had total appropriations in excess of estimated resources plus carryover balances:

<u>2010</u>			
<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
SR-Federal Grants Fund	\$268,537	\$314,700	\$(46,163)

We recommend that the Fiscal Officer monitor all budgetary information regularly to avoid appropriations exceeding estimated resources.

Management Response:

We did not receive a management response.



SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the years ended December 31, 2009 and 2008, reported no material citations or recommendations.

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# Dave Yost • Auditor of State

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  
DECEMBER 20, 2012