

**VILLAGE OF SHAWNEE**  
PERRY COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2006





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of Shawnee, Perry County, prepared by Knox & Knox, for the audit period January 1, 2006 through December 31, 2007. 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 *Independent Accountants' Report* 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 *Independent Accountants' Report* 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 1, 2008

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VILLAGE OF SHAWNEE  
PERRY COUNTY

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# KNOX & KNOX

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Accountants and Consultants

## Independent Accountants' Report

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

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, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates, if any, 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 its 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. In addition to the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to 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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position and 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 of the Village of Shawnee, Perry County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village of Shawnee has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2008 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

*KNOX & KNOX*

Orrville, Ohio  
September 19, 2008



VILLAGE OF SHAWNEE  
PERRY COUNTY

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	<u>\$319,468</u>	<u>\$318,123</u>
Total Cash and Cash Equivalents	<u><u>\$319,468</u></u>	<u><u>\$318,123</u></u>
 CASH FUND BALANCES		
Government Fund Types:		
General Fund	\$56,749	\$44,194
Special Revenue Funds	101,868	102,864
Permanent Funds	1,061	1,049
Capital Projects Funds	<u>17,549</u>	<u>4,896</u>
Total Government Fund Types	<u>177,227</u>	<u>153,003</u>
 Proprietary Fund Types:		
Enterprise Funds	<u>142,241</u>	<u>165,120</u>
Total Proprietary Fund Types	<u>142,241</u>	<u>165,120</u>
Total Cash Fund Balances	<u><u>\$319,468</u></u>	<u><u>\$318,123</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 GOVERNMENTAL  
FUND TYPES - FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Permanent	Capital Projects	
<b>CASH RECEIPTS:</b>					
Property and Other Local Taxes	\$41,634	\$26,324		\$11,435	\$79,393
Intergovernmental Revenue	33,712	24,931		1,536	60,179
Charges for Services		10,680			10,680
Fines, Licenses, and Permits	793	21			814
Earnings on Investments	2,920		\$12		2,932
Miscellaneous	279				279
	<u>79,338</u>	<u>61,956</u>	<u>12</u>	<u>12,971</u>	<u>154,277</u>
<b>CASH DISBURSEMENTS:</b>					
Current:					
Security of Persons and Property	11,690	25,796			37,486
Public Health Services	1,399	9,006			10,405
Community Environment		891			891
Transportation	3,047	21,376			24,423
General Government	53,515	4,810			58,325
Capital Outlay				318	318
Debt Service					
Redemption of Principal		7,002			7,002
Interest/Other Fiscal Charges		361			361
	<u>69,651</u>	<u>69,242</u>	<u></u>	<u>318</u>	<u>139,211</u>
Total Receipts Over/(Under) Disbursements	<u>9,687</u>	<u>(7,286)</u>	<u>12</u>	<u>12,653</u>	<u>15,066</u>
<b>OTHER FINANCING RECEIPTS/DISBURSEMENTS</b>					
Transfers-In		1,360			1,360
Transfers-Out		(1,360)			(1,360)
Other Financing Sources	2,868	6,290			9,158
	<u>2,868</u>	<u>6,290</u>	<u></u>	<u></u>	<u>9,158</u>
Total Other Financing Receipts/(Disbursements)	<u>2,868</u>	<u>6,290</u>	<u></u>	<u></u>	<u>9,158</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,555	(996)	12	12,653	24,224
Fund Cash Balances, January 1	<u>44,194</u>	<u>102,864</u>	<u>1,049</u>	<u>4,896</u>	<u>153,003</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$56,749</u>	<u>\$101,868</u>	<u>\$1,061</u>	<u>\$17,549</u>	<u>\$177,227</u>
Reserves for Encumbrances, December 31	<u>\$197</u>	<u>\$162</u>	<u></u>	<u></u>	<u>\$359</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 - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Proprietary Fund Type
	Enterprise
<b>OPERATING CASH RECEIPTS:</b>	
Charges for Services	\$238,586
Total Operating Cash Receipts	238,586
<b>OPERATING CASH DISBURSEMENTS:</b>	
Personal Services	21,890
Fringe Benefits	3,981
Contractual Services	204,761
Supplies and Materials	35,925
Other	2,963
Total Operating Cash Disbursements	269,520
Operating Income/(Loss)	(30,934)
<b>NON-OPERATING CASH RECEIPTS:</b>	
Intergovernmental	88,183
Earnings on Investments	1,211
Other Non-Operating Receipts	32
Total Non-Operating Cash Receipts	89,426
<b>NON-OPERATING CASH DISBURSEMENTS:</b>	
Redemption of Principal	30,383
Interest and Other Fiscal Charges	50,988
Total Non-Operating Cash Disbursements	81,371
Net Receipts over/(Under) Disbursements	(22,879)
Fund Cash Balances, January 1	165,120
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$142,241</b>

*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 GOVERNMENTAL  
FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Permanent	Capital Projects	
<b>CASH RECEIPTS:</b>					
Property and Other Local Taxes	\$44,552	\$28,733		\$12,551	\$85,836
Intergovernmental Revenue	30,829	20,911		516	52,256
Charges for Services		9,999			9,999
Fines, Licenses, and Permits	95	25			120
Earnings on Investments	3,191		\$9		3,200
Miscellaneous	268	4,575			4,843
<b>Total Cash Receipts</b>	<b>78,935</b>	<b>64,243</b>	<b>9</b>	<b>13,067</b>	<b>156,254</b>
<b>CASH DISBURSEMENTS:</b>					
Current:					
Security of Persons and Property	14,260	34,023			48,283
Public Health Services	105	8,870			8,975
Community Environment		100			100
Transportation	12,265	30,882			43,147
General Government	50,175	4,137			54,312
Capital Outlay				442	442
Debt Service					
Redemption of Principal		3,986		10,000	13,986
Interest/Other Fiscal Charges		535		532	1,067
<b>Total Cash Disbursements</b>	<b>76,805</b>	<b>82,533</b>		<b>10,974</b>	<b>170,312</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>2,130</b>	<b>(18,290)</b>	<b>9</b>	<b>2,093</b>	<b>(14,058)</b>
<b>OTHER FINANCING RECEIPTS/DISBURSEMENTS</b>					
Other Financing Sources	12,734	8,098			20,832
Other Financing Uses	(1,335)			(1,583)	(2,918)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>11,399</b>	<b>8,098</b>		<b>(1,583)</b>	<b>17,914</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>13,529</b>	<b>(10,192)</b>	<b>9</b>	<b>510</b>	<b>3,856</b>
<b>Fund Cash Balances, January 1</b>	<b>30,665</b>	<b>113,056</b>	<b>1,040</b>	<b>4,386</b>	<b>149,147</b>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$44,194</b>	<b>\$102,864</b>	<b>\$1,049</b>	<b>\$4,896</b>	<b>\$153,003</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$376</b>	<b>\$23</b>			<b>\$399</b>

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 - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Proprietary Fund Type
	Enterprise
<b>OPERATING CASH RECEIPTS:</b>	
Charges for Services	\$247,136
Miscellaneous	<u>2,856</u>
Total Operating Cash Receipts	<u>249,992</u>
<b>OPERATING CASH DISBURSEMENTS:</b>	
Personal Services	14,448
Fringe Benefits	659
Contractual Services	423,762
Supplies and Materials	24,175
Other	<u>27,995</u>
Total Operating Cash Disbursements	<u>491,039</u>
Operating Income/(Loss)	<u>(241,047)</u>
<b>NON-OPERATING CASH RECEIPTS:</b>	
Intergovernmental	30,852
Earnings on Investments	650
Sale of Notes	74,383
Other Non-Operating Receipts	<u>192,677</u>
Total Non-Operating Cash Receipts	<u>298,562</u>
<b>NON-OPERATING CASH DISBURSEMENTS:</b>	
Redemption of Principal	30,708
Interest and Other Fiscal Charges	<u>52,118</u>
Total Non-Operating Cash Disbursements	<u>82,826</u>
Net Receipts over/(Under) Disbursements	(25,311)
Fund Cash Balances, January 1	<u>190,431</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u><u>\$165,120</u></u>

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

VILLAGE OF SHAWNEE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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 Mayor and an appointed Chief Fiscal Officer. The Village provides police and fire services, maintenance of Village streets and highways, and water and waste-water utility services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in the cash fund 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. Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

VILLAGE OF SHAWNEE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds

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

*Fire Department Fund* - This fund receives tax monies assessed and levied on general assessed valuation of real and personal property taxes for operation of the fire department.

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 funds).

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

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

*Enterprise Improvement Fund* - This fund received a loan and grant to update the Village's water and waste-water disposal systems.

5. Permanent Funds

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

VILLAGE OF SHAWNEE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the department, division or office level of control, and within each, the amounts appropriated for personal services. 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 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 individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. 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

The Village maintains a cash 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>2007</u>	<u>2006</u>
Demand deposits	\$289,209	\$295,275
Certificates of deposit	30,259	22,848
Total deposits and investments	<u>\$319,468</u>	<u>\$318,123</u>



VILLAGE OF SHAWNEE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

2. EQUITY IN POOLED CASH (continued)

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

Fund Type	2007 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$70,000	\$ 82,206	\$12,206
Special Revenue	64,522	69,606	5,084
Capital Projects	11,008	12,982	1,974
Permanent	12	12	
Enterprise	346,513	328,012	(18,501)
Total	\$492,055	\$492,818	\$763

Fund Type	2007 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,004	\$69,848	\$42,156
Special Revenue	107,651	70,765	36,886
Capital Projects	15,896	317	15,579
Enterprise	387,336	350,891	36,445
Total	\$622,887	\$491,821	\$131,066

Fund Type	2006 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$87,312	\$91,670	\$4,358
Special Revenue	67,879	72,341	4,462
Capital Projects	13,858	13,076	(782)
Permanent	9	9	
Enterprise	635,559	559,692	(75,867)
Total	\$804,617	\$736,788	(\$67,829)

Fund Type	2006 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,200	\$78,516	\$6,684
Special Revenue	100,145	82,555	17,590
Capital Projects	12,836	12,556	280
Enterprise	612,446	573,812	38,634
Total	\$810,627	\$747,439	\$63,188

VILLAGE OF SHAWNEE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

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 payments for first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owner, who must file a list of such property to the County by each April 5.

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

5. DEBT

In 1974, the Village financed a water extension through the GMAC Commercial Mortgage Corporation. The per annum interest rate is 5.0% and annual principal payments are \$9,000.

In 2000, the Village financed a water collection system through the Ohio Public Works Commission. The amount borrowed was \$84,500 to be repaid in annual installments of \$4,225. The loan is interest-free.

In 2004, the Village issued \$1,146,000 First Mortgage Revenue Bonds to the United States Department of Agriculture (USDA) to refinance temporary financing received from the Ohio Water Development Authority (OWDA). The bonds bear per annum interest of 4.375% with interest only payments in 2005 and 2006, and annual principal and interest payment thereafter until 2044. The Village also received grants of \$434,088 and \$25,700 in 2004 and 2005, respectively, which were used to pay-off debt to OWDA.

In 2004, the Village borrowed \$20,321 from North Valley Bank with a per annum interest rate of 4.25%, to be repaid in installments of principal and interest. The final payment is due in December, 2008.

In 2006, the Village borrowed \$74,383 from OWDA with a per annum interest rate of 1% to be repaid in 20 annual installments.

In June, 2006, the Village entered into a "lease with option to buy" agreement for \$55,099 to procure a backhoe. The lease will be paid in five annual installments ending June 5, 2011.

The following are schedules of principal and interest requirements to retire obligations outstanding at December 31, 2007.

VILLAGE OF SHAWNEE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

5. DEBT (continued)

Years Ending December 31:	USDA		
	Principal	Interest	Payment
2008	\$13,000	\$48,475	\$61,475
2009	13,000	47,906	60,906
2010	14,000	47,250	61,250
2011	15,000	46,550	61,550
2012	15,000	45,894	60,894
2013-2017	87,000	217,831	304,831
2018-2022	107,000	195,300	302,300
2023-2027	132,000	167,781	299,781
2028-2032	165,000	133,175	298,175
2033-2037	204,000	90,431	294,431
2038-2042	252,000	37,625	289,625
2043-4047	117,000	132	117,132
Totals	<u>\$1,134,000</u>	<u>\$1,078,350</u>	<u>\$2,212,350</u>

Years Ending December 31:	GMAC		
	Principal	Interest	Payment
2008	\$9,000	\$550	\$9,550
2009	2,000	100	2,100
Totals	<u>\$11,000</u>	<u>\$650</u>	<u>\$11,650</u>

Years Ending December 31:	OPWC		
	Principal	Interest	Payment
2008	\$2,113		\$2,113
2009	4,225		4,225
2010	4,225		4,225
2011	4,225		4,225
2012	4,225		4,225
2013-2017	21,125		21,125
2018-2022	8,450		8,450
Totals	<u>\$48,588</u>		<u>\$48,588</u>

Years Ending December 31:	OWDA		
	Principal	Interest	Payment
2008	\$3,496	\$728	\$4,224
2009	3,531	693	4,224
2010	3,567	657	4,224
2011	3,602	622	4,224
2012	3,638	586	4,224
2013-2017	18,745	2,375	21,120
2018-2022	19,701	1,419	21,120
2023-2027	16,482	413	16,895
Totals	<u>\$72,762</u>	<u>\$7,493</u>	<u>\$80,255</u>

VILLAGE OF SHAWNEE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

5. DEBT (continued)

Years Ending December 31:	North Valley Bank		
2008	Principal	Interest	Payment
	\$4,334	\$188	\$4,522

The following is a schedule of debt outstanding at December 31, 2007

USDA	\$1,134,000
GMAC	11,000
OPWC	48,588
OWDA	72,762
North Valley Bank	4,334
Total	\$1,270,684

6. OBLIGATIONS UNDER CAPITAL LEASE

2008	\$12,867
2009	12,867
2010	12,867
2011	12,867
	51,468
Less imputed interest	(6,261)
	\$45,207

7. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members contributed 9.5% and 9.0% of their gross salaries, respectively. The Village contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

8. RISK MANAGEMENT

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. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

VILLAGE OF SHAWNEE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

8. RISK MANAGEMENT (continued)

The Village is insured for the following risks through the Pool:

Bodily injury and property damage  
Law enforcement liability  
Fire damage  
Personal injury  
Public officials liability

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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# KNOX & KNOX

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Accountants and Consultants

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Shawnee , Perry County. (the Village) as of and for the years ended December 31, 2007 and 2006 and have issued our report thereon dated September 19, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our 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 CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Village's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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. However, we noted other matters that we reported to the Village in a separate letter dated September 19, 2008.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic 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 we must report under *Government Auditing Standards*.

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

*KNOX & KNOX*

Orrville, Ohio  
September 19, 2008



VILLAGE OF SHAWNEE  
PERRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2005-001	Ohio Rev. Code 5705.39 Appropriations exceeded estimated resources	Yes	Finding no longer valid.





**Mary Taylor, CPA**  
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 11, 2008**