



Mary Taylor, CPA
Auditor of State

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Shawnee Township
Allen County
2530 Fort Amanda Road
Lima, Ohio 45804

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shawnee Township, Allen County, (the Township), as of and for the year ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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.

The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Shawnee Township, Allen County, as of December 31, 2007 and 2006, and the respective changes in cash financial position thereof and the respective budgetary comparisons for the General, Gasoline Tax, Police District, Fire District and Road District Funds for December 31, 2007 and also the Road and Bridge Fund for December 31, 2006, in conformity with the basis of accounting as described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2009, on our consideration of the Township'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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 15, 2009

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of the Shawnee Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ending December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased by \$1,255,541, or 46 percent, a significant change from the prior year. The funds most affected by the increase of cash and cash equivalents was the Fire District, due to a 5 year, 1.5 mill levy that went into effect January 1, 2007. The General Fund also received a significant increase due to unexpected income from estate tax revenue.
- The Township's general receipts are primarily property taxes. These receipts represent respectively \$3,806,288, and 64 percent of the total cash received for governmental activities during the year.

Key highlights for 2006 are as follows:

- Net assets of governmental activities increased by \$651,059, or 32 percent, a significant change from the prior year. The funds most affected by the increase of cash and cash equivalents was the Police District, due to a 5 year, 2.00 mill levy that went into effect January 1, 2006.
- The Township's general receipts are primarily property and other taxes. These receipts represent respectively \$3,463,661, and 66 percent of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and governmental type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township reports one type of activity:

Governmental activities - The Township's basic services are reported here, including police, fire, and streets. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary. The Township has no proprietary funds.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

The Township's major governmental funds in 2007 are the General Fund, Gasoline Tax Fund, Police District Fund, Fire District Fund, and Road District Fund, these funds in addition to the Road and Bridge Fund were also the Townships major governmental funds in 2006.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets comparing 2007, 2006 and 2005:

(Table 1)			
Net Assets			
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$3,972,487	\$2,716,946	\$2,065,887
Total Assets	3,972,487	2,716,691	2,065,887
Net Assets			
Restricted Funds	2,893,890	2,098,702	1,605,172
Unrestricted Funds	1,078,597	618,244	460,715
Total Net Assets	\$3,972,487	\$2,716,946	\$2,065,887

As mentioned previously, net assets of governmental activities increased \$1,255,541, during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- During 2007, most of the major funds had significant fund balance increases, the Fire District Fund balance increased by \$406,930, the General Fund by \$460,353, the Police District Fund by \$274,687, the Road District Fund by \$116,747, and the Gas Tax Fund by \$43,398.

As mentioned previously, net assets of governmental activities increased \$651,059 during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- During 2006, the major funds having significant fund balance increases were the Police District Fund \$396,400, the General Fund by \$157,529, and the Gasoline Tax Fund by \$133,497.
- During 2006, the Road & Bridge Fund had a decrease of \$38,906.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2007 and 2006.

**(Table 2)
Changes in Net Assets**

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$96,506	\$86,254
Operating Grants and Contributions	200,117	210,767
Capital Grants	36,575	44,933
Total Program Receipts	<u>333,198</u>	<u>341,954</u>
General Receipts:		
Property and Other Local Taxes	3,806,288	3,463,661
Grants and Entitlements Not Restricted to Specific Programs	1,616,072	1,004,003
Salv of Fixed Assets	6,330	2,959
Interest	162,401	109,648
Miscellaneous	55,427	303,502
Total General Receipts	<u>5,646,518</u>	<u>4,883,773</u>
Total Receipts	<u>5,979,716</u>	<u>5,225,727</u>
Disbursements:		
General Government	303,580	292,281
Public Safety	3,534,387	3,443,728
Public Works	612,775	624,680
Public Health Services	65,060	67,348
Human Services	9,698	19,404
Other		75
Capital Outlay	198,675	127,152
Total Disbursements	<u>4,724,175</u>	<u>4,574,668</u>
Increase (Decrease) in Net Assets	1,255,541	651,059
Net Assets beginning of year	<u>2,716,946</u>	<u>2,065,887</u>
Net Assets end of year	<u>\$3,972,487</u>	<u>\$2,716,946</u>

For 2007, general receipts represent 94 percent of the Township's total receipts, and of this amount, 67 percent are property taxes. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

For 2006, general receipts represent 93 percent of the Township's total receipts, and of this amount, 71 percent are property and local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board, legal counsel and fiscal officer, as well as administrative costs. Since these costs do not represent direct services to residents, we try to limit these costs to 4 percent of General Fund unrestricted receipts. Public Safety is the costs of police and fire protection and Public Works is the cost of maintaining the roads.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Governmental Activities

If you look at the following Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major disbursements for governmental activities are for Public Safety and Public Works, which account for 75 and 13 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 6 percent. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2007	Net Cost Of Services 2007	Total Cost Of Services 2006	Net Cost Of Services 2006
General Government	\$ 303,580	\$ 288,800	\$ 292,281	\$ 278,475
Public Safety	3,534,387	3,335,411	3,443,728	3,252,266
Public Works	612,775	503,833	624,680	487,994
Health	65,060	65,060	67,348	67,348
Human Services	9,698	9,698	19,404	19,404
Other		(10,500)	75	75
Capital Outlay	198,675	198,675	127,152	127,152
Total Expenses	<u>\$4,724,175</u>	<u>\$4,390,977</u>	<u>\$4,574,668</u>	<u>\$4,232,714</u>

The Township's Funds

For 2007, total governmental funds had receipts of \$5,979,716, and total disbursements of \$4,724,175. The greatest change within governmental funds occurred within the General, Fire District, Police District, Road District and Gasoline Tax Funds, having increases in fund balances, as mentioned earlier in reporting the Township as a whole.

For 2006, total governmental funds had receipts of \$5,225,727, and total disbursements of \$4,574,668. The greatest change within governmental funds occurred within the General, Police District and Gasoline Tax Funds, which had significant increases in fund balances, as mentioned earlier in reporting the Township as a whole.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

For 2007, final budgeted receipts were \$523,650, and actual receipts were \$931,460. This out of ordinary increase of 78 percent was primarily due to unexpected estate tax receipts. Final disbursements in the General Fund were budgeted at \$1,127,956, while actual disbursements were \$471,685. The Township spent less than the budgeted amounts.

For 2006, final budgeted receipts were \$503,600, and actual receipts were \$580,346. This increase of 15 percent can be attributed to interest income and unexpected intergovernmental revenue. Final disbursements in the General Fund were budgeted at \$964,213, while actual disbursements were \$423,320. The Township kept spending below the budgeted amounts.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on local taxes and do not have a lot of industry to support the tax base. The financial forecast predicted a deficit during 2007 for the Fire District Fund; therefore, on August 21, 2006, the taxing authority of Shawnee Township certified a copy of its resolution requesting the county auditor to certify the current tax valuation of the subdivision and the amount of revenue that would be produced 1.50 mills, and to levy a tax outside the ten-mill limitation for the Shawnee Township Fire Department pursuant to the Ohio Revised Coded 5705.34, to be placed on the ballot on the November 2006 election. Said levy is an additional for the purposed of providing for current expenses and was placed on the 2006 tax duplicate for a period of (5) years, with collection first due during the calendar year 2007. The majority votes cast by residents of Shawnee Township in the November 2006 election, voted in favor of the levy.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Stephanie Hoffer, Fiscal Officer, Shawnee Township Administration, 2530 Ft. Amanda Rd., Lima, Ohio 45804.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,972,487</u>
Total Assets	<u><u>3,972,487</u></u>
Net Assets	
Restricted for:	
Other Purposes	2,893,890
Unrestricted	<u>1,078,597</u>
Total Net Assets	<u><u>\$3,972,487</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets	
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities Total</u>
Governmental Activities					
General Government	\$303,580	\$14,780			(\$288,800)
Public Safety	3,534,387	81,126	\$81,275	\$36,575	(3,335,411)
Public Works	612,775	600	108,342		(503,833)
Health	65,060				(65,060)
Human Services	9,698				(9,698)
Other			10,500		10,500
Capital Outlay	198,675				(198,675)
Total Governmental Activities	<u>\$4,724,175</u>	<u>\$96,506</u>	<u>\$200,117</u>	<u>\$36,575</u>	<u>(4,390,977)</u>
General Receipts					
Property Taxes					3,806,288
Grants and Entitlements not Restricted to Specific Programs					1,616,072
Sale of Fixed Assets					6,330
Earnings on Investments					162,401
Miscellaneous					55,427
Total General Receipts					<u>5,646,518</u>
Change in Net Assets					1,255,541
Net Assets Beginning of Year					<u>2,716,946</u>
Net Assets End of Year					<u>\$3,972,487</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Police District</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$1,078,597	\$502,940	\$685,429	\$781,723	\$548,761	\$375,037	\$3,972,487
Total Assets	<u>1,078,597</u>	<u>502,940</u>	<u>685,429</u>	<u>781,723</u>	<u>548,761</u>	<u>375,037</u>	<u>3,972,487</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	578						578
Unreserved:							
Undesignated, Reported in:							
General Fund	1,078,019						1,078,019
Special Revenue Funds		502,940	685,429	781,723	548,761	375,037	2,893,890
Total Fund Balances	<u>\$1,078,597</u>	<u>\$502,940</u>	<u>\$685,429</u>	<u>\$781,723</u>	<u>\$548,761</u>	<u>\$375,037</u>	<u>\$3,972,487</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Gasoline Tax	Police District	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$217,689		\$1,091,484	\$2,038,807	\$145,079	\$313,229	\$3,806,288
Charges for Services				51,875		14,741	66,616
Licenses, Permits and Fees	14,780					600	15,380
Fines and Forfeitures			13,099			1,411	14,510
Intergovernmental	555,062	\$108,343	345,626	604,644	72,956	166,133	1,852,764
Special Assessments							
Earnings on Investments	135,784	24,602				2,015	162,401
Miscellaneous	8,145		6,886	27,409	536	12,451	55,427
Total Receipts	<u>931,460</u>	<u>132,945</u>	<u>1,457,095</u>	<u>2,722,735</u>	<u>218,571</u>	<u>510,580</u>	<u>5,973,386</u>
Disbursements							
Current:							
General Government	303,580						303,580
Public Safety	57,280		1,139,750	2,272,614		64,743	3,534,387
Public Works	15,792	89,547			101,824	405,612	612,775
Health	65,060						65,060
Human Services						9,698	9,698
Capital Outlay	29,395		48,988	43,191		77,101	198,675
Total Disbursements	<u>471,107</u>	<u>89,547</u>	<u>1,188,738</u>	<u>2,315,805</u>	<u>101,824</u>	<u>557,154</u>	<u>4,724,175</u>
Excess of Receipts Over (Under) Disbursements	460,353	43,398	268,357	406,930	116,747	(46,574)	1,249,211
Other Financing Sources							
Sale of Fixed Assets			6,330				6,330
Net Change in Fund Balances	460,353	43,398	274,687	406,930	116,747	(46,574)	1,255,541
Fund Balances Beginning of Year	<u>618,244</u>	<u>459,542</u>	<u>410,742</u>	<u>374,793</u>	<u>432,014</u>	<u>421,611</u>	<u>2,716,946</u>
Fund Balances End of Year	<u>\$1,078,597</u>	<u>\$502,940</u>	<u>\$685,429</u>	<u>\$781,723</u>	<u>\$548,761</u>	<u>\$375,037</u>	<u>\$3,972,487</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Receipts				
Property and Other Local Taxes	\$205,000	\$205,000	\$217,689	\$12,689
Licenses, Permits and Fees	15,000	15,000	14,780	(220)
Intergovernmental	221,150	221,150	555,062	333,912
Special Assessments	100	100		(100)
Earnings on Investments	60,000	80,000	135,784	55,784
Miscellaneous	2,400	2,400	8,145	5,745
Total receipts	<u>503,650</u>	<u>523,650</u>	<u>931,460</u>	<u>407,810</u>
Disbursements				
Current:				
General Government	445,100	466,100	303,580	162,520
Public Safety	63,703	69,703	57,858	11,845
Public Works	16,100	16,100	15,792	308
Health	80,000	80,000	65,060	14,940
Capital Outlay	517,053	496,053	29,395	466,658
Total Disbursements	<u>1,121,956</u>	<u>1,127,956</u>	<u>471,685</u>	<u>656,271</u>
Net Change in Fund Balance	(618,306)	(604,306)	459,775	1,064,081
Unencumbered Cash Balance				
Beginning of Year	617,666	617,666	617,666	
Prior Year Encumbrances Appropriated	<u>578</u>	<u>578</u>	<u>578</u>	
Unencumbered Cash Balance End of Year	<u>(\$62)</u>	<u>\$13,938</u>	<u>\$1,078,019</u>	<u>\$1,064,081</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$90,000	\$90,000	\$108,343	\$18,343
Earnings on Investments		15,000	24,602	9,602
Total receipts	<u>90,000</u>	<u>105,000</u>	<u>132,945</u>	<u>27,945</u>
Disbursements				
Current:				
Public Works	<u>540,000</u>	<u>540,000</u>	<u>89,547</u>	<u>450,453</u>
Total Disbursements	<u>540,000</u>	<u>540,000</u>	<u>89,547</u>	<u>450,453</u>
Net Change in Fund Balance	(450,000)	(435,000)	43,398	478,398
Unencumbered Cash Balance				
Beginning of Year	<u>459,542</u>	<u>459,542</u>	<u>459,542</u>	
Unencumbered Cash Balance End of Year	<u><u>\$9,542</u></u>	<u><u>\$24,542</u></u>	<u><u>\$502,940</u></u>	<u><u>\$478,398</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$1,040,000	\$1,040,000	\$1,091,484	\$51,484
Fines and Forfeitures	10,000	10,000	13,099	3,099
Intergovernmental	282,500	282,500	345,626	63,126
Miscellaneous	10,000	10,000	6,886	(3,114)
Total receipts	<u>1,342,500</u>	<u>1,342,500</u>	<u>1,457,095</u>	<u>114,595</u>
Disbursements				
Current:				
Public Safety	1,414,000	1,414,000	1,139,750	274,250
Capital Outlay	332,800	332,800	48,988	283,812
Total Disbursements	<u>1,746,800</u>	<u>1,746,800</u>	<u>1,188,738</u>	<u>558,062</u>
Excess of Receipts Over (Under) Disbursements	(404,300)	(404,300)	268,357	672,657
Other Financing Sources				
Sale of Fixed Assets			6,330	6,330
Net Change in Fund Balance	(404,300)	(404,300)	274,687	678,987
Unencumbered Cash Balance Beginning of Year	<u>410,742</u>	<u>410,742</u>	<u>410,742</u>	
Unencumbered Cash Balance End of Year	<u><u>\$6,442</u></u>	<u><u>\$6,442</u></u>	<u><u>\$685,429</u></u>	<u><u>\$678,987</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$2,048,000	\$2,048,000	\$2,038,807	(\$9,193)
Charges for Services	41,500	41,500	51,875	10,375
Intergovernmental	450,000	450,000	604,644	154,644
Miscellaneous	15,000	15,000	27,409	12,409
Total receipts	<u>2,554,500</u>	<u>2,554,500</u>	<u>2,722,735</u>	<u>168,235</u>
Disbursements				
Current:				
Public Safety	2,718,800	2,736,800	2,272,614	464,186
Capital Outlay	217,000	192,000	43,191	148,809
Total Disbursements	<u>2,935,800</u>	<u>2,928,800</u>	<u>2,315,805</u>	<u>612,995</u>
Net Change in Fund Balance	(381,300)	(374,300)	406,930	781,230
Unencumbered Cash Balance Beginning of Year	<u>374,793</u>	<u>374,793</u>	<u>374,793</u>	
Unencumbered Cash Balance End of Year	<u>(\$6,507)</u>	<u>\$493</u>	<u>\$781,723</u>	<u>\$781,230</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$150,000	\$150,000	\$145,079	(\$4,921)
Intergovernmental	43,400	43,400	72,956	29,556
Miscellaneous	600	600	536	(64)
Total receipts	<u>194,000</u>	<u>194,000</u>	<u>218,571</u>	<u>24,571</u>
Disbursements				
Current:				
Public Works	626,500	626,500	101,824	524,676
Total Disbursements	<u>626,500</u>	<u>626,500</u>	<u>101,824</u>	<u>524,676</u>
Net Change in Fund Balance	(432,500)	(432,500)	116,747	549,247
Unencumbered Cash Balance Beginning of Year	<u>432,014</u>	<u>432,014</u>	<u>432,014</u>	
Unencumbered Cash Balance End of Year	<u><u>(\$486)</u></u>	<u><u>(\$486)</u></u>	<u><u>\$548,761</u></u>	<u><u>\$549,247</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$200
Total Assets	<u>200</u>
Net Assets	
Restricted for:	
Other Purposes	<u>200</u>
Total Net Assets	<u>\$200</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	Governmental Activities
Assets	
Cash	\$2,716,946
Total Assets	<u>2,716,946</u>
Net Assets	
Restricted for:	
Other Purposes	2,098,702
Unrestricted	<u>618,244</u>
Total Net Assets	<u>\$2,716,946</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets	
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities Total</u>
Governmental Activities					
General Government	\$292,281	\$13,806			(\$278,475)
Public Safety	3,443,728	68,664	\$77,865	\$44,933	(3,252,266)
Public Works	624,680	3,784	132,902		(487,994)
Health	67,348				(67,348)
Human Services	19,404				(19,404)
Other	75				(75)
Capital Outlay	127,152				(127,152)
Total Governmental Activities	<u>\$4,574,668</u>	<u>\$86,254</u>	<u>\$210,767</u>	<u>\$44,933</u>	<u>(4,232,714)</u>
General Receipts					
Property and Other Local Taxes					3,463,661
Grants and Entitlements not Restricted to Specific Programs					1,004,003
Sale of Fixed Assets					2,959
Earnings on Investments					109,648
Miscellaneous					303,502
Total General Receipts					<u>4,883,773</u>
Change in Net Assets					651,059
Net Assets Beginning of Year					<u>2,065,887</u>
Net Assets End of Year					<u>\$2,716,946</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets								
Cash	\$618,244	\$459,542	\$375,833	\$410,742	\$374,793	\$432,014	\$45,778	\$2,716,946
Total Assets	<u>618,244</u>	<u>459,542</u>	<u>375,833</u>	<u>410,742</u>	<u>374,793</u>	<u>432,014</u>	<u>45,778</u>	<u>2,716,946</u>
Fund Balances								
Reserved:								
Reserved for Encumbrances	578							578
Unreserved:								
Undesignated, Reported in:								
General Fund	617,666							617,666
Special Revenue Funds		459,542	375,833	410,742	374,793	432,014	45,778	2,098,702
Total Fund Balances	<u>\$618,244</u>	<u>\$459,542</u>	<u>\$375,833</u>	<u>\$410,742</u>	<u>\$374,793</u>	<u>\$432,014</u>	<u>\$45,778</u>	<u>\$2,716,946</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Gasoline Tax	Road and Bridge	Police District	Fire District	Road District	Other Governmental Funds	Total
Receipts								
Property and Other Local Taxes	\$211,481		\$309,202	\$1,148,056	\$1,640,189	\$154,733		\$3,463,661
Charges for Services					31,125		20,912	52,037
Licenses, Permits and Fees	12,906						2,884	15,790
Fines and Forfeitures				14,424			2,203	16,627
Intergovernmental	249,358	\$116,580	69,746	321,236	423,361	43,695	35,727	1,259,703
Special Assessments	900		900					1,800
Earnings on Investments	89,125	16,917					3,606	109,648
Miscellaneous	16,576		24,143	65,834	151,950	14,549	30,450	303,502
Total Receipts	580,346	133,497	403,991	1,549,550	2,246,625	212,977	95,782	5,222,768
Disbursements								
Current:								
General Government	292,281							292,281
Public Safety	49,341			1,091,704	2,244,532		58,151	3,443,728
Public Works	13,772		379,450			215,919	15,539	624,680
Health	67,348							67,348
Human Services							19,404	19,404
Capital Outlay			63,447	63,705				127,152
Total Disbursements	422,742		442,897	1,155,409	2,244,532	215,919	93,094	4,574,593
Excess of Receipts Over (Under) Disbursements	157,604	133,497	(38,906)	394,141	2,093	(2,942)	2,688	648,175
Other Financing Sources (Uses)								
Sale of Fixed Assets				2,259	700			2,959
Advances In	230,000			130,000	100,000			460,000
Advances Out	(230,000)			(130,000)	(100,000)			(460,000)
Other Financing Uses	(75)							(75)
Total Other Sources (Uses)	(75)			2,259	700			2,884
Net Change in Fund Balances	157,529	133,497	(38,906)	396,400	2,793	(2,942)	2,688	651,059
Fund Balances Beginning of Year	460,715	326,045	414,739	14,342	372,000	434,956	43,090	2,065,887
Fund Balances End of Year	\$618,244	\$459,542	\$375,833	\$410,742	\$374,793	\$432,014	\$45,778	\$2,716,946

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$233,000	\$233,000	\$211,481	(\$21,519)
Licenses, Permits and Fees	19,000	19,000	12,906	(6,094)
Intergovernmental	197,000	197,000	249,358	52,358
Special Assessments	100	100	900	800
Earnings on Investments	52,000	52,000	89,125	37,125
Miscellaneous	2,500	2,500	16,576	14,076
Total receipts	<u>503,600</u>	<u>503,600</u>	<u>580,346</u>	<u>76,746</u>
Disbursements				
Current:				
General Government	420,050	423,979	292,281	131,698
Public Safety	63,200	63,779	49,919	13,860
Public Works	26,000	26,000	13,772	12,228
Health	80,000	80,000	67,348	12,652
Capital Outlay	376,750	370,455		370,455
Total Disbursements	<u>966,000</u>	<u>964,213</u>	<u>423,320</u>	<u>540,893</u>
Excess of Receipts Over (Under) Disbursements	(462,400)	(460,613)	157,026	617,639
Other Financing Sources (Uses)				
Advances In	10		230,000	230,000
Advances Out			(230,000)	(230,000)
Other Financing Sources		10		(10)
Other Financing Uses		(285)	(75)	210
Total Other Financing Sources (Uses)	<u>10</u>	<u>(275)</u>	<u>(75)</u>	<u>200</u>
Net Change in Fund Balance	(462,390)	(460,888)	156,951	617,839
Fund Balance Beginning of Year	460,137	460,137	460,137	
Prior Year Encumbrances Appropriated	<u>578</u>	<u>578</u>	<u>578</u>	
Fund Balance End of Year	<u>(\$1,675)</u>	<u>(\$173)</u>	<u>\$617,666</u>	<u>\$617,839</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Receipts				
Intergovernmental	\$88,000	\$88,000	\$116,580	\$28,580
Earnings on Investments	2,000	2,000	16,917	14,917
Total receipts	<u>90,000</u>	<u>90,000</u>	<u>133,497</u>	<u>43,497</u>
Disbursements				
Current:				
Public Works	<u>415,000</u>	<u>415,000</u>	<u> </u>	<u>415,000</u>
Total Disbursements	<u>415,000</u>	<u>415,000</u>	<u> </u>	<u>415,000</u>
Net Change in Fund Balance	(325,000)	(325,000)	133,497	458,497
Fund Balance Beginning of Year	<u>326,045</u>	<u>326,045</u>	<u>326,045</u>	<u> </u>
Fund Balance End of Year	<u><u>\$1,045</u></u>	<u><u>\$1,045</u></u>	<u><u>\$459,542</u></u>	<u><u>\$458,497</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$348,000	\$348,000	\$309,202	(\$38,798)
Intergovernmental	26,000	26,000	69,746	43,746
Special Assessments	500	500	900	400
Miscellaneous	1,000	1,000	24,143	23,143
Total receipts	<u>375,500</u>	<u>375,500</u>	<u>403,991</u>	<u>28,491</u>
Disbursements				
Current:				
Public Works	565,650	565,650	379,450	186,200
Capital Outlay	226,250	226,250	63,447	162,803
Total Disbursements	<u>791,900</u>	<u>791,900</u>	<u>442,897</u>	<u>349,003</u>
Net Change in Fund Balance	(416,400)	(416,400)	(38,906)	377,494
Fund Balance Beginning of Year	<u>414,739</u>	<u>414,739</u>	<u>414,739</u>	
Fund Balance End of Year	<u>(\$1,661)</u>	<u>(\$1,661)</u>	<u>\$375,833</u>	<u>\$377,494</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$1,166,000	\$1,166,000	\$1,148,056	(\$17,944)
Fines and Forfeitures	10,000	10,000	14,424	4,424
Intergovernmental	154,000	256,304	321,236	64,932
Miscellaneous	12,450	12,450	65,834	53,384
Total receipts	<u>1,342,450</u>	<u>1,444,754</u>	<u>1,549,550</u>	<u>104,796</u>
Disbursements				
Current:				
Public Safety	1,295,900	1,267,100	1,091,704	175,396
Capital Outlay	52,000	81,000	63,705	17,295
Total Disbursements	<u>1,347,900</u>	<u>1,348,100</u>	<u>1,155,409</u>	<u>192,691</u>
Excess of Receipts Over (Under) Disbursements	(5,450)	96,654	394,141	297,487
Other Financing Sources (Uses)				
Sale of Fixed Assets			2,259	2,259
Advances In			130,000	130,000
Advances Out			(130,000)	(130,000)
Total Other Financing Sources (Uses)			<u>2,259</u>	<u>2,259</u>
Net Change in Fund Balance	(5,450)	96,654	396,400	299,746
Fund Balance Beginning of Year	<u>14,342</u>	<u>14,342</u>	<u>14,342</u>	
Fund Balance End of Year	<u><u>\$8,892</u></u>	<u><u>\$110,996</u></u>	<u><u>\$410,742</u></u>	<u><u>\$299,746</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$1,858,000	\$1,858,000	\$1,640,189	(\$217,811)
Charges for Services	41,500	41,500	31,125	(10,375)
Intergovernmental	152,404	152,404	423,361	270,957
Miscellaneous	10,500	10,500	151,950	141,450
Total receipts	<u>2,062,404</u>	<u>2,062,404</u>	<u>2,246,625</u>	<u>184,221</u>
Disbursements				
Current:				
Public Safety	2,423,623	2,424,623	2,244,532	180,091
Capital Outlay		1,000		1,000
Total Disbursements	<u>2,423,623</u>	<u>2,425,623</u>	<u>2,244,532</u>	<u>181,091</u>
Excess of Receipts Over (Under) Disbursements	(361,219)	(363,219)	2,093	365,312
Other Financing Sources (Uses)				
Sale of Fixed Assets			700	700
Advances In			100,000	100,000
Advances Out			(100,000)	(100,000)
Total Other Financing Sources (Uses)			<u>700</u>	<u>700</u>
Net Change in Fund Balance	(361,219)	(363,219)	2,793	366,012
Fund Balance Beginning of Year	<u>372,000</u>	<u>372,000</u>	<u>372,000</u>	
Fund Balance End of Year	<u><u>\$10,781</u></u>	<u><u>\$8,781</u></u>	<u><u>\$374,793</u></u>	<u><u>\$366,012</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$178,000	\$178,000	\$154,733	(\$23,267)
Intergovernmental	12,000	12,000	43,695	31,695
Miscellaneous			14,549	14,549
Total receipts	<u>190,000</u>	<u>190,000</u>	<u>212,977</u>	<u>22,977</u>
Disbursements				
Current:				
Public Works	534,500	534,500	215,919	318,581
Total Disbursements	<u>534,500</u>	<u>534,500</u>	<u>215,919</u>	<u>318,581</u>
Net Change in Fund Balance	(344,500)	(344,500)	(2,942)	341,558
Fund Balance Beginning of Year	<u>434,956</u>	<u>434,956</u>	<u>434,956</u>	
Fund Balance End of Year	<u><u>\$90,456</u></u>	<u><u>\$90,456</u></u>	<u><u>\$432,014</u></u>	<u><u>\$341,558</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Agency</u>
Assets	
Cash	\$5,254
Total Assets	<u>5,254</u>
Net Assets	
Restricted for:	
Other Purposes	<u>5,254</u>
Total Net Assets	<u>\$5,254</u>

See accompanying notes to the basic financial statements.

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**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

1. REPORTING ENTITY

Shawnee Township, Allen County, (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, fire and police protection, and emergency medical services.

B. Component Unit

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. There were no component units of the Township for 2007 or 2006.

C. Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a jointly governed organization and a public entity risk pool. Note 6 to the financial statements provides additional information for the public entity risk pool. These organizations are:

1. Jointly Governed Organization:

Allen Water District- The Allen Water District, (the District), was created by the Court of Common Pleas in Allen County in accordance with the provisions of Section 6119.07 to provide water services to residents of Bath, Perry, and Shawnee Townships. A seven (7) member appointed Board of Trustees manage the District. Each member appoints a member and those members appoint at large members. Financial information can be obtained by contacting Glenn Hasting, Treasurer, at P.O Box 724, Lima, Ohio 45802-0724

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

1. REPORTING ENTITY (Continued)

2. Public Entity Risk Pool:

OTARMA- The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member to the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the member's deductibles.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The activities of the Township are reported as governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible.

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. During 2007, the Township's major governmental funds were the General Fund, Road and Bridge Fund, the Gasoline Tax Fund, the Police District Fund, and the Fire District Fund. During 2006, the Township's major governmental funds were the General Fund, Road and Bridge Fund, the Gasoline Tax Fund, the Police District Fund, the Fire District Fund, and the Road District Fund.

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road and Bridge Fund - This Fund receive property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This Fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Police District Fund – This Fund receives property tax money to maintain police protection services to the Township.

Fire District Fund – This Fund Fund receives property tax money to maintain fire protection and emergency medical service to the Township.

Road District Fund – This Fund receives property tax money for constructing, maintaining and repairing township roads.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The Township's fiduciary funds are agency funds, purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for monies received from insurance companies for the demolition or repair of private property buildings damaged by fires, and for monies received as performance bonds for driveway permit fees, roadside tiled taps, and construction within the road right of way.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$135,784 which includes \$92,089 assigned from other Township funds. Interest receipts credited to the General Fund during 2006 was \$89,215 which includes \$70,685 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township had no restricted assets for the years ended 2007 and 2006.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. The employer contributions include portions for pension benefits and for postretirement health care benefits.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for tax levy monies for police and fire protection, and road and bridge maintenance, motor vehicle license fund money, and gasoline tax money.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which the restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Transfers between governmental funds on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. For 2007, the Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Police District Fund, Fire District Fund, and Road District Fund; in addition to the Road and Bridge Fund for the year ended December 31, 2006, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference between the budget basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$578 for the General Fund for both years ended December 31, 2007 and 2006.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

4. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by state statute into three categories.

Active monies and are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or can be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in a money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2007 and 2006, \$4,086,809 and \$2,716,165, respectively, of the Township's bank balance of \$4,187,806 and \$2,816,828, respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township's policy on custodial risk does not extend beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

5. PROPERTY TAX

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 and 2006 for real and public utility property taxes represent the collection of 2006 and 2005 taxes. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2006 and 2005 taxes.

2007 and 2006 real property taxes are levied after October 1, 2006 and 2005 on the assessed values as of January 1, 2007 and 2006, the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2006 and 2005 real property taxes are collected in, and intended to finance 2007 and 2006, respectively.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 and 2006 public utility property taxes which became a lien on December 31, 2006 and 2005, are levied after October 1, 2007 and 2006, and are collected in 2007 and 2006 with real property taxes.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

5. PROPERTY TAX (Continued)

2007 and 2006 tangible property taxes are levied after October 1, 2006 and 2005, on the value as of December 31, 2006 and 2005. Collections were made in 2007 and 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 was 12.5 percent and for 2006 was 18.75 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009.

Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2007 was 12.30 and for 2006, was \$9.80, per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	<u>2007</u>	<u>2006</u>
Real Property		
Residential & Agricultural	\$243,367,010	\$239,447,800
Commercial/Industrial/Mineral	37,023,730	36,269,800
Public Utility Property		
Real	125,320	107,100
Personal	18,263,200	19,049,070
Tangible Personal Property	<u>15,844,755</u>	<u>60,287,799</u>
Total Assessed Value	<u>\$314,624,015</u>	<u>\$355,161,569</u>

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries by employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK MANAGEMENT (Continued)

B. Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548 and for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

C. Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$26,580. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK MANAGEMENT (Continued)

Contributions to OTARMA

2005	\$37,111
2006	\$35,174
2007	\$28,276

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2007 and 2006, the members in state and local classifications, were required to contribute 9.5 and 9.0 percent, respectively, of covered payroll. Members who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.75 percent.

The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85 and 13.70 percent, respectively, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.17 and 17.40 percent, respectively of covered payroll.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

7. DEFINED BENEFIT PENSION PLAN (Continued)

For the period January 1, through June 30, 2007, a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. For the year 2006, 4.5 percent was used to fund the post-employment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$170,783, \$ 158,925, and \$160,590, respectively. The full amount has been contributed for 2007, 2006 and 2005. There were no member-directed plans for those years.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for only firefighters were \$278,580 for the year ended December 31, 2007; \$278,539 for the year ended December 31, 2006, and \$271,878, for the year ended December 31, 2005. The Township has contributed the full amount for all years.

8. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment healthcare.

The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement. To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit.

Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 - 7377.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. During 2007 and 2006, local government employers contributed 13.85 and 13.70 percent, respectively, of covered payroll (17.17 and 16.93 percent, respectively, for public safety and law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007. For the year 2006, 4.5 percent was used to fund the post-employment healthcare.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$61,812 \$47,790, and \$47,374 respectively; 100 percent has been contributed for all years.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium Reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority of the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan, members, currently, 24 percent for 2007 and 2006, of covered payroll for fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2007 and 2006, the employer contribution allocated to the healthcare plan was 6.75 and 7.75 percent of covered payroll, respectively. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$78,281 for the year ended December 31, 2007; \$89,968 for the year ended December 31, 2006 and \$90,790 for the year ended December 31, 2006. The full amount has been contributed for all years.

9. CONTINGENCIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding or disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Mary Taylor, CPA

Auditor of State

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

Shawnee Township
Allen County
2530 Fort Amanda Road
Lima, Ohio 45804

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shawnee Township, Allen County, (the Township) as of and for the year ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 15, 2009, wherein we noted that the Township prepared its financial statements using a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 Township'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 Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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**Internal Control Over Financial Reporting
(Continued)**

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township'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. However, we believe the significant deficiency described above as finding number 2007-002 is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated January 15, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated January 15, 2009.

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

We intend this report solely for the information and use of the Township Trustees and management. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 15, 2009

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING FOR RECOVERY - NUMBER 2007-001

The Shawnee Township Trustees approved the regular hourly pay rate, for employee Mark Reed, at \$15.21 per hour. Through an oversight, Mr. Reed was paid for 110 hours of donated leave for the July 20, 2007 pay period at his overtime hourly rate of \$22.82 through direct deposit.

Hourly Rate	\$15.21
Donated Leave Hours	<u>110 hours</u>
Salary due to employee	1,673.10
Overtime Hourly Rate	\$22.82
Salary Paid for Donated Leave	<u>2,510.20</u>
Overpayment	\$837.10
Less:	
Ohio Police & Fire Pension	\$83.71
Medicare	<u>12.14</u>
Net Overpayment	<u><u>\$741.25</u></u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Mark Reed, former employee, in the amount of \$741.25, and in favor of Shawnee Township treasury (Fire District Fund).

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

Additionally, because Stephanie Hoffer, Fiscal Officer, authorized the deposit, resulting in the improper payment, she as Fiscal Officer and her bonding company the Ohio Township Association Risk Management Authority (OTARMA), are jointly and severally liable for the amount of \$741.25 in favor of the Shawnee Township treasury Fire District Fund. Township Fiscal Officer Stephanie Hoffer shall be secondarily liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Mark Reed, former employee.

To improve controls over the payment of salaries and to help reduce the possibility of the Township's funds being improperly spent, additional procedures should be implemented to properly approve the payroll information submitted for payment.

OFFICIALS' RESPONSE

The Fiscal Officer sent a registered letter to Mark Reed in December of 2008, outlining an explanation and calculations of the overpayment, along with a statement that an agreement will be prepared by the Township Trustees in order for the overpayment to be repaid.

FINDING NUMBER - 2007-002

Material Weakness - Ambulance and Fire Claim Billing and Collection Monitoring Procedures

The Township had contracted with a service organization for the billing and collection of ambulance and fire claims for services rendered. Emergency services personnel prepared the required paper work and submitted it to the service organization who then filed the claim. Each month the service organization submitted payments collected to the Township. Various reports were submitted with the payments that indicate the claims processed, adjustments made, accounts receivable, etc. There were no procedures performed by Township personnel to determine that all emergency services were billed, or all claims submitted were processed for payment.

The amounts billed and collected between April 1, 2007 through December 31, 2007 were not approved by Board Resolution; while the rates billed and collected between April 1, 2006 through March 31, 2007 were \$25 higher than the rates approved by the Board of Trustees adopted Resolution. The Township also had not required the service organization to obtain a SAS 70 report.

Failure to review the various monthly reports could lead to services provided not being billed which could result in a loss of revenue, or provide the third party service provider an opportunity to charge for services that were not actually rendered by the emergency services department which would not be detected in a timely manner. Also, failure to obtain a SAS 70 report provides no assurance that controls are in place at the service organization to determine that all claims are processed, billed, collected, and remitted to the Township.

Procedures should be implemented to provide a Board adopted resolution that establishes the rates to be billed and collected for services rendered at all times. The Township Fire Chief should implement monitoring procedures to review the various monthly reports prepared by the third party service provider; to determine that all emergency service runs were billed, the Trustee adopted rates were properly charged, the amount collected supports the amount submitted to the Township as receipts collected, and amounts written-off and unpaid balances are adequately supported. This will assist in monitoring whether or not all claims were properly processed and that actual services of the Township emergency service departments were billed.

Also, the Township should contract with a third party service provider which has an annual SAS 70 or agreed upon procedures report prepared by a reputable independent professional accounting firm evaluating whether the policy and procedures performed by the third party administrator in the processing of claims (billing and receipting) are adequate and in place and operating effectively.

OFFICIALS' RESPONSE

The issues of the report were reviewed and are not challenged. This response is to affirm that steps have already been taken to move the department toward compliance. The larger concern for the department has been to develop a process to review the monthly billing reports from the third-party biller. Our initial biller, Revenue Rescue out of Texas did not provide very comprehensive reports at the start of our billing venture, and we did not formulate any formal review process at the time. Additionally, it was discovered after the onset of billing, that Revenue Rescue did not provide a SAS 70 report to any of its clients. We were not aware of the importance of this feature when contracting with them.

During 2007, we engaged in a long process of figuring out how to expand the scope of our billing, and interviewed third-party billers that would provide the SAS 70 and sufficient documentation for us to have a formal review process. In the early part of 2008, the township trustees formally adopted a new billing policy and signed a contract with our present biller, MBI Solutions. (Resolution 74-08).

FINDING NUMBER - 2007-002 (Continued)

The billing submissions began on July 1, 2008 while the process of becoming a Medicare/Medicaid provider began. This company has now completed the basic format for billing electronically, with the capability of our being able to track all billing activity online. We are currently in the process of creating a tracking format as recommended in the finding. The process will track all claims that are processed, billed, collected, discounted and remitted to the township. MBI will be providing the necessary SAS 70 reports.

In regard to the increased billing rates beginning April 1, 2006, I remember having a discussion with the trustees about adopting the increased rates, which they agreed to. A search of the records unfortunately does not verify that decision. We have however, been careful to establish our rates per township resolution since that time beginning January 1 of 2008 and 2009.

While incurring a finding in the process of our routine audit is an unpleasant experience, it does provide the necessary impetus for us to work harder at compliance. We understand the important necessity of financial controls, especially as it concerns public funds, and want to be transparent and diligent in our responsibilities. Thank you for the opportunity to respond to these issues.

**SHAWNE TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
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; <i>Explain</i>
2005-001	Ohio Rev. Code Section 5705.09 – establishing required grant funds	Yes	
2005-002	Ohio Rev. Code Section 5705.10 – revenues were recorded to incorrect funds.	No	Reissued as management letter noncompliance



Mary Taylor, CPA
Auditor of State

SHAWNEE TOWNSHIP

ALLEN 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
FEBRUARY 19, 2009**