

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY
Regular Audit
December 31, 2007 and 2006**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Village Council
Village of Fort Shawnee
2050 W. Breese Road
Fort Shawnee, Ohio 45806

We have reviewed the *Independent Accountants' Report* of the Village of Fort Shawnee, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Finding for Recovery

The Village of Fort Shawnee, Allen County, operates a Mayor's Court. The Village's current procedures are that the Mayor's Court Clerk collects the bonds, fines and forfeitures for the Mayor's Court and maintains a cash book and docket. The cash book is totaled and reconciled to the cash collections and a notation is made on the cash book page indicating the total amount collected and the date that the funds were turned over to the village fiscal officer for deposit and distribution. However, the policy does not require documentation between the fiscal officer and the mayor's court clerk to indicate that an exchange has taken place.

On two occasions during the audit period, 100% of the mayor's court collections were not deposited. No documentation exists to confirm that the money passed from the Mayor's Court Clerk to the village fiscal officer and the village fiscal officer cannot confirm or deny that she received the money.

January 17, 2007	\$2,264
June 4, 2007	<u>4,143</u>
Total	\$6,407

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 was 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 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.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money collected but accounted for is hereby issued against mayor's court clerk, Bobbi Frysinger and village fiscal officer, Twyla Overman, jointly and severally, in the total amount of \$6,407.

When the funds are collected, the village officials should review the mayor's court cashbook for the dates of January 17, 2007 and June 4, 2007, and make the proper distributions to the State of Ohio for the fines collected and distribute the balance to the village's general fund.

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

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



Mary Taylor, CPA
Auditor of State

January 27, 2010

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2007	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2006	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	14
Schedule of Audit Findings	16
Schedule of Prior Audit Findings	24

This Page is Intentionally Left Blank.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

November 6, 2009

Village of Fort Shawnee
Allen County
2050 West Breese Road
Fort Shawnee, OH 45806

To the Village Council:

We have audited the accompanying financial statements of the **Village of Fort Shawnee, Allen County, Ohio**, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006 or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Fort Shawnee, Allen County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 69,840	\$ 50,861	\$ -	\$ 42,289	\$ 162,990
Intergovernmental	252,721	194,228	8,306	4,138	459,393
Charges for Services	-	35,611	-	-	35,611
Fines, Licenses, and Permits	72,620	5,076	-	-	77,696
Earnings on Investments	12,550	5,422	-	-	17,972
Miscellaneous	25,974	1,189	-	-	27,163
	<u>433,705</u>	<u>292,387</u>	<u>8,306</u>	<u>46,427</u>	<u>780,825</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	187,083	122,827	-	-	309,910
Public Health Services	7,407	-	-	-	7,407
Leisure Time Activities	833	-	-	-	833
Community Environment	3,020	-	-	-	3,020
Transportation	-	152,871	-	-	152,871
General Government	131,957	-	282	290	132,529
Debt Service:					
Redemption of Principal	-	-	7,000	-	7,000
Interest and Fiscal Charges	-	-	1,672	-	1,672
Capital Outlay	-	15,470	-	11,436	26,906
	<u>330,300</u>	<u>291,168</u>	<u>8,954</u>	<u>11,726</u>	<u>642,148</u>
Total Cash Receipts Over/(Under) Disbursements	<u>103,405</u>	<u>1,219</u>	<u>(648)</u>	<u>34,701</u>	<u>138,677</u>
Other Financing Receipts and (Disbursements):					
Transfer-In	-	13,000	500	-	13,500
Transfer-Out	(13,500)	-	-	-	(13,500)
	<u>(13,500)</u>	<u>13,000</u>	<u>500</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	89,905	14,219	(148)	34,701	138,677
Fund Cash Balances, January 1	108,215	202,436	4,859	5,835	321,345
Fund Cash Balances, December 31	<u>\$ 198,120</u>	<u>\$ 216,655</u>	<u>\$ 4,711</u>	<u>\$ 40,536</u>	<u>\$ 460,022</u>

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

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Fiduciary Fund Type
	Agency Fund
Non-Operating Cash Receipts/(Disbursements):	
Other Financing Sources	\$ 154,199
Other Financing Uses	(107,552)
Total Non-Operating Cash Receipts/(Disbursements)	46,647
Fund Cash Balances, January 1	77,433
Fund Cash Balances, December 31	\$ 124,080
Reserve for Encumbrances, December 31	\$ 124,080

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

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 59,617	\$ 49,641	\$ -	\$ 40,538	\$ 149,796
Intergovernmental	144,583	211,772	8,166	6,658	371,179
Charges for Services	-	40,733	-	-	40,733
Fines, Licenses, and Permits	61,301	4,531	-	-	65,832
Earnings on Investments	9,411	4,204	-	-	13,615
Miscellaneous	35,477	2,001	-	-	37,478
	<u>310,389</u>	<u>312,882</u>	<u>8,166</u>	<u>47,196</u>	<u>678,633</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	169,159	121,596	-	-	290,755
Leisure Time Activities	874	-	-	-	874
Community Environment	2,788	-	-	-	2,788
Basic Utility Services	2,250	-	-	-	2,250
Transportation	-	142,552	-	-	142,552
General Government	120,649	416	94	4,080	125,239
Debt Service:					
Redemption of Principal	-	-	6,000	-	6,000
Interest and Fiscal Charges	-	-	2,128	-	2,128
Capital Outlay	32,897	21,429	-	39,779	94,105
	<u>328,617</u>	<u>285,993</u>	<u>8,222</u>	<u>43,859</u>	<u>666,691</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Disbursements	<u>(18,228)</u>	<u>26,889</u>	<u>(56)</u>	<u>3,337</u>	<u>11,942</u>
Fund Cash Balances, January 1	<u>126,443</u>	<u>175,547</u>	<u>4,915</u>	<u>2,498</u>	<u>309,403</u>
Fund Cash Balances, December 31	<u>\$ 108,215</u>	<u>\$ 202,436</u>	<u>\$ 4,859</u>	<u>\$ 5,835</u>	<u>\$ 321,345</u>

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

VILLAGE OF FORT SHAWNEE
ALLEN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Fiduciary Fund Type</u>
	<u>Agency Fund</u>
Non-Operating Cash Receipts/(Disbursements):	
Other Financing Sources	\$ 142,458
Other Financing Uses	<u>(65,304)</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>77,154</u>
Fund Cash Balances, January 1	<u>279</u>
Fund Cash Balances, December 31	<u>\$ 77,433</u>
Reserve for Encumbrances, December 31	<u><u>\$ 77,154</u></u>

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

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Fort Shawnee, Allen County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a charter form of government. The charter established the legislative powers to be vested in a Council of seven members to be elected at large by the voters for four years terms. The Fiscal Officer (Finance Director) is appointed by the Council. The Village provides general governmental services, park operations (leisure time activities), and police services. The Village contracts with Shawnee Township to provide fire protection services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Village's investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Street Construction, Maintenance, and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Contract Police Fund – This fund receives money collected by a tax levy from Shawnee Township for a police protection agreement.

COPS Levy Fund – This fund receives money collected by a voted tax levy to provide police protection in the Village.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtednesses. The Village has the following Debt Service Fund:

Bond Retirement Fund – This fund is used for the accumulation of resources for retirement of a 1989 waterline improvement bond issue.

4. Capital Projects Fund

The Capital Project Fund is used to account for receipts and disbursements restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Village had the following Capital Projects Fund:

Capital Improvements Fund – This fund receives monies from a tax levy specifically for the upkeep of roads and streets.

5. Fiduciary Funds (Agency Funds)

The Fiduciary Funds are funds in which the Village is acting in an agency capacity and are classified as Agency Funds. The Village had the following significant Fiduciary Funds:

Water Collection Fund – The City of Lima collects and forwards to the Village the charges collected for the water used by Village residents. In turn, the Village remits to the City of Lima, the charges that have been collected.

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

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

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

F. Property, Plant and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

2. EQUITY IN POOLED CASH

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

	2007	2006
Demand Deposits	\$ 316,254	\$ 144,082
STAR Ohio	267,848	254,696
Total Deposits and Investments	\$ 584,102	\$ 398,778

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 257,718	\$ 433,705	\$ 175,987
Special Revenue	273,574	305,387	31,813
Debt Service	9,500	8,806	(694)
Capital Projects	44,907	46,427	1,520
Total	\$ 585,699	\$ 794,325	\$ 208,626

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 378,827	\$ 343,800	\$ 35,027
Special Revenue	461,341	291,168	170,173
Debt Service	14,454	8,954	5,500
Capital Projects	49,252	11,726	37,526
Total	\$ 903,874	\$ 655,648	\$ 248,226

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 257,058	\$ 310,389	\$ 53,331
Special Revenue	260,716	312,882	52,166
Debt Service	8,500	8,166	(334)
Capital Projects	45,024	47,196	2,172
Total	\$ 571,298	\$ 678,633	\$ 107,335

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 383,501	\$ 328,617	\$ 54,884
Special Revenue	430,421	285,993	144,428
Debt Service	13,415	8,222	5,193
Capital Projects	47,522	43,859	3,663
Total	\$ 874,859	\$ 666,691	\$ 208,168

Contrary to Ohio Revised Code Section 5705.39, the Village had appropriations that exceeded estimated resources in the General and Debt Service Funds.

Contrary to Ohio Revised Code Section 5705.41(D)(1), the Village did not properly certify the availability of funds prior to purchase commitment for 20% and 30% of the expenditures tested during 2007 and 2006, respectively.

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property taxes are assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Water Line Construction Bond	\$ 15,000	7.60%

The Water Line Construction Bonds were issued for the purpose of constructing a water line connecting the exiting City of Lima water line to the water distribution system in the Highland Green subdivision. The bonds will be redeemed through the proceeds levied against the benefited property owners. The bonds are to be retired on a serial basis through 2009.

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	Water Line Construction Bond
2008	\$ 8,140
2009	8,608
Total	<u>\$ 16,748</u>

6. CONDUIT DEBT

During the year 2007, the Village reissued health care facilities revenue bonds in the amount of \$7,000,000 to provide financial assistance to the Lima Memorial Hospital Project for the acquisition, construction, renovating, and equipping of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying loan or lease and the trust agreements. Upon repayment of the bonds, ownership of the acquired facilities transfers to Lima Memorial Hospital.

The Village is not obligated in any way to pay the debt and related charges on revenue bonds from any of its funds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 9.5% and 9.0% of their wages in 2007 and 2006, respectively. The Village contributed an amount equal to 13.85% and 13.70% of participants' gross salaries for 2007 and 2006, respectively. The Village has paid all contributions required through December 31, 2007.

8. RISK MANAGEMENT

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio political subdivisions. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member political subdivisions pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage PEP retains up to \$350,000 per claim, including loss adjustment expenses. PEP makes an annual contribution to APEEP. APEEP reinsures casualty claims exceeding \$350,000, up to \$2,650,000 per claim and \$5,000,000 in the aggregate per year. If losses exhaust PEP's net assets, APEEP covers PEP's retained casualty risk up to \$10,000,000 per year, subject to a

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

8. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

per-claim limit of \$3,000,000. Local political subdivisions can elect additional coverage, up to a limit of \$12,000,000 from the General Reinsurance Corporation.

Property Coverage PEP retains property risks, including automobile physical damage, up to \$100,000 in any one occurrence. APEEP reinsures property losses that are greater than \$100,000 up to \$250,000 per occurrence. The Travelers Indemnity Company reinsures losses exceeding \$250,000 up to \$600,000,000 per occurrence.

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

Financial Position PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2007 and 2006, (the latest information available):

	<u>2007</u>	<u>2006</u>
Statement of Net Assets		
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets-Unrestricted	<u>\$20,219,246</u>	<u>\$19,384,290</u>

9. INTERFUND TRANSFERS

During 2007, the Village transferred monies from the General Fund, to the Contract Police Fund and COPS Levy Fund, Special Revenue Fund Types and the Bond Retirement Fund, Debt Service Fund Type. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

November 6, 2009

Village of Fort Shawnee
Allen County
2050 West Breese Road
Fort Shawnee, OH 45806

To the Village Council:

We have audited the financial statements of the **Village of Fort Shawnee, Allen County, Ohio** (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 6, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of the 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 considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-013.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the following significant deficiencies described above are material weaknesses: 2007-003 and 2007-006 through 2007-009.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated November 6, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as items 2007-001 through 2007-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 6, 2009.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did no audit of the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Village Council and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF FORT SHAWNEE
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 9.38 states public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.

In 2007 and 2006, the Fiscal Officer did not deposit funds to a designated depository on the business day following the day of receipt. Also, Mayor's Court funds were not deposited with the Fiscal Officer on the business day following the day of receipt.

We recommend the Village take steps to ensure deposits are made timely as required by Ohio Revised Code. In addition, the Village could adopt the above-mentioned policy to allow deposits of less than \$1,000 to be deposited within three business days.

Management's Response – The Village will enact a policy to provide for receipts less than \$1,000 will be secured in the office under locked box or safe. The Village's current bank has a courier service for all receipts that will be utilized regularly.

FINDING NUMBER 2007-002

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the Fiscal Officer.

The Village did not file the 2007 and 2006 annual financial reports with the Auditor of State within the 60 days of the fiscal year end. Amounts included in the annual financial reports did not foot or cross-foot and were not accurate to the Village's ledgers. In addition, no evidence was presented for audit to indicate the Village published a notice in a local newspaper stating the financial report is available for public inspection.

We recommend the Annual Financial Report be prepared and filed within 60 days of the fiscal year end. In addition, the Village should publish notice in a local newspaper that the financial report is available for public inspection.

Management's Response – The Village has filed these reports as required. The Village Fiscal Officer/Finance Director who was responsible for this error has been terminated.

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

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

FINDING NUMBER 2007-003

Noncompliance Citation/Significant Deficiency/Material Weakness

Ohio Revised Code Section 733.40 requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the Mayor, or which in any manner come into his or her hands, or which are due to such Mayor or a Marshal, Chief of Police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such Mayor for the use of such municipal corporation, shall be paid by Court Clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- In 2006 and 2007, a separate bank account was not maintained for Mayor's Court activity.
- In 2006 and 2007, a separate ledger account was maintained in an agency fund which accounted for a portion of the activity of the court. However, this account did not include the Village's portion of monies received for Mayor's Court activity, which was reflected as General Fund activity.
- In 2007, remittances were not made monthly to the State of Ohio.

These weaknesses could allow recording errors and irregularities to occur and remain undetected. Adjustments were made to the Village's books to properly reflect the activity of the Mayor's Court.

We recommend the Village establish a separate bank account for the Mayor's Court and distribute fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates.

Management's Response – The Village has corrected this issue by establishing a separate account for Mayor's Court activity.

FINDING NUMBER 2007-004

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2007 and 2006, total appropriations exceeded total estimated resources during the year for various amounts due to incorrect posting of funds and the date the increased amended certificate of estimated resources.

We recommend the Village Council monitor appropriations versus estimated resources to help avoid overspending.

Management's Response – The Village has fully integrated the Auditor of State's UAN system, and reports will be made monthly to Council. Appropriate amendments from the County Auditor will be sought.

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

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

FINDING NUMBER 2007-005

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

20% of the transactions tested in 2007 and 30% of the transactions tested in 2006 were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

VILLAGE OF FORT SHAWNEE
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-005 (Continued)

Ohio Revised Code Section 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are, or will be, available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

Management's Response – The Village will begin to use proper certificates, including those set forth in this finding.

FINDING NUMBER 2007-006

Significant Deficiency/Material Weakness

Manual Financial Statement Presentation

For the years under audit, there were errors in footing and cross footing in the combined and combining statements of the annual report. Some of the footing errors were due to rounding and some errors were due to inaccurate balances carried forward from the Village's ledgers to the financial statements. In addition, all portions of the financial statements were not completed in 2007.

The lack of due care in compiling the financial statements could result in errors of irregularities occurring without being detected in the normal course of business, or on a timely basis. All adjustments and reclassifications were completed and are reflected in the accompanying financial statements.

Diligence should be exercised in compiling the financial statements and care should be taken to ensure that the proper beginning balances are carried forward, rounding is considered and adjusted for in arriving at final totals, and proper totals are carried forward from the combining to the combined statements. When complete the statements should be double-checked for accuracy.

Management's Response – Corrections have been made. The Village Fiscal Officer/Finance Director responsible for this error has been terminated.

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

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

FINDING NUMBER 2007-007

Significant Deficiency/Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks, deposits in transit and other reconciling items were not detailed to enable a proper reconciliation to be performed. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous errors which remained undetected and/or uncorrected until the audit. The extensive problems with these reconciliations resulted in the need for the Village to obtain from the Auditor of State's office detailed proofs of cash for each month and a reconstruction of the cash book for the entire audit period.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Village Council for the Council's review and use in managing the Village. The Fiscal Officer should reconcile activity entered in the receipts ledger and appropriations ledger to the cashbook.

Management's Response – The Village Fiscal Officer/Finance Director responsible for this error has been terminated. The Village has contracted with State of Ohio Local Government Services to correct this error.

FINDING NUMBER 2007-008

Significant Deficiency/Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2007 and 2006, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Mayor's Court Agency Fund was not maintained for all Mayor's Court activity
- Gasoline tax receipt was not posted in the Street Construction, Maintenance, and Repair Fund in the Revenue Ledger
- Transfer-Out portion of a transfer of \$500 was not recorded in the General Fund
- Cable franchise fees were recorded as Property and Other Local Taxes and Other Financing Sources instead of Miscellaneous receipts in the General Fund
- Expenditures for equipment were recorded as Security of Persons and Property and General Government instead of Capital Outlay in the General Fund

Not posting revenues and expenditures accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications and adjustments.

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

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

FINDING NUMBER 2007-008 (Continued)

Posting Receipts and Expenditures (Continued)

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – The Village Fiscal Officer/Finance Director responsible for this error has been terminated. The Village has contracted with State of Ohio Local Government Services to correct this error.

FINDING NUMBER 2007-009

Significant Deficiency/Material Weakness

Mayor's Court Reconciliations

During January and June 2007, the Fiscal Officer failed to deposit a total of \$6,407 in Mayor's Court receipts into the Village's bank account. The Fiscal Officer also failed to record these receipt totals in the Village's receipts ledger. Reconciliations of Mayor's Court activity to the Village's bank account balances were not completed.

This deficiency led to inaccurate bank reconciliations being provided to the Village Council that were then used to make financial decisions for the Village. Missing cash receipts cost the Village funding for its operations.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Village Council for the Council's review and use in managing the Village. The Fiscal Officer should reconcile activity entered in the receipts ledger to the cashbook.

Management's Response – The Village Fiscal Officer/Finance Director responsible for this error has been terminated. Testing and investigation indicate that the missing funds were transferred from the Mayor's Court Clerk to the Finance Director. It is clear to the Village that any financial irregularities are solely the fault of mismanagement by the Finance Director who has been fired as a result of this and other malfeasance in office.

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

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

FINDING NUMBER 2007-010

Significant Deficiency

Budgetary Accounting – Estimated Receipts

Estimated receipts per the Certificate of Estimated Resources (and any amendments thereto, as approved by the County Budget Commission), were not posted to the Revenue Ledger for either fiscal year, nor was there any means used to compare actual receipts to estimated receipts at any given point during the year to assure that actual receipts were in line with estimated amounts.

The absence of a system to compare estimated receipts with receipts could lead to excessive appropriations and/or expenditures in any given fund without detection in the normal course of business, and in a timely manner.

Estimated receipts should be posted to the Revenue Ledger as a means to compare actual receipts to estimated receipts at any given point during the year to assure that revenues are in line with anticipated amounts.

Management’s Response – The Village Fiscal Officer/Finance Director responsible for this error has been terminated.

FINDING NUMBER 2007-011

Significant Deficiency

Outstanding Mayor’s Court Fines

The Village has no procedures in place to reconcile between fines issued to fines collected and fines outstanding.

Village Council is responsible for monitoring the Mayor’s Court within the Village. The Council receives financial information from the Village Fiscal Officer at its monthly meetings, however, a list of delinquent ticket accounts was not provided. As a result of not receiving this information, Village Council may be making uninformed decisions regarding their Mayor’s Court operations, needed revenues may not be readily available, and appropriate actions may not be taken in regards to outstanding customer accounts.

We recommend the Village Fiscal Officer provide, at least, a summary of delinquent case information to Village Council monthly and a complete listing of all delinquent tickets at least quarterly.

Management’s Response – The Mayor’s Court uses an appointed Magistrate. Any unpaid fines and costs are referred to the Law Director and the Magistrate. Upon review, the unpaid fines are dealt with one of two ways. First, some fines are small and the defendant is outside of the jurisdiction of the Court. In those cases, the Magistrate orders a license suspension. The suspension remains in effect until the fine and costs are paid, or the defendant is not able to renew his/her license until these amounts are paid. Second, larger fines and the non-payment for more serious violations (such as OVI and Driving During Suspension) are dealt with by filing motions to show cause, or be held in contempt of court, which can include the imposition of jail for non-payment of Court ordered fines. The Mayor’s Court report will be amended to indicate the unpaid fines.

**VILLAGE OF FORT SHAWNEE
ALLEN COUNTY**

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

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

FINDING NUMBER 2007-012

Significant Deficiency

Bonding

The Village management was unable to provide documentation indicating that the Village Fiscal Officer and Mayor were properly bonded. We could also find no evidence the Village had a blanket bond to cover other employees responsible for cash collections. By not having the appropriate employees properly bonded, the Village is subject to potential loss of assets in the event of mismanagement of Village funds.

We recommend the Village obtain the proper bonding for the Fiscal Officer and Mayor as well and obtain a blanket bond for employees who perform cash collections. The amount of the bond should be commensurate with the duties of the employee.

Management's Response –The former Finance Director cancelled the bonding for herself and the Mayor without the knowledge of the Mayor or Council. Bonds have been put in place to correct that issue. The Council will be requiring that evidence of such bonds be presented annually

FINDING NUMBER 2007-013

Significant Deficiency

Complete Voucher Packages

The completed voucher packages should be the basis for the preparation of checks. The package should include the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of the goods or services and the accuracy of the quantity and price, and a copy of the requisition or purchase order to document the fiscal officer's prior certification that sufficient appropriations and resources were available to meet the obligation.

The Village did not always present complete voucher packages to support expenditures. This practice and lack of adequate supporting documentation could result in loss of Village funds or personal liability of the Village's Officials. Through additional procedures we were able to obtain sufficient assurances for the expenditures.

We recommend that all expenditures be supported by complete voucher packages, including the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of goods or services and the accuracy of the quantity and price, a copy of the requisition or purchase order to document the Fiscal Officer's prior certification, to help insure that all Village expenditures are for goods or services received, properly approved, and for a proper public purpose.

Management's Response – The Village Fiscal Officer/Finance Director responsible for this error has been terminated.

**VILLAGE OF FORT SHAWNEE
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	ORC Section 5705.41(D)(1) – Expenditures not properly encumbered	No	Not Corrected; Repeated as Finding 2007-005



Mary Taylor, CPA
Auditor of State

VILLAGE OF FORT SHAWNEE

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 9, 2010**