



**Auditor of State  
Betty Montgomery**



VILLAGE OF SHAWNEE  
PERRY COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Shawnee  
Perry County  
P.O. Box 15  
Shawnee, Ohio 43782-0015

To the Village Council:

We have audited the accompanying financial statements of the Village of Shawnee, Perry County, Ohio (the Village), as of and for the years ended December 21, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Shawnee, Perry County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We conducted our audit to form an opinion on the financial statements of the Village. The Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

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

**Betty Montgomery**  
Auditor of State

April 17, 2003

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 32,091	\$ 17,979	\$ 9,080	\$ 59,150
Intergovernmental Receipts	34,022	37,394	1,316	72,732
Charges for Services		12,744		12,744
Fines, Licenses, and Permits	6,633	2,395		9,028
Earnings on Investments	2,497			2,497
Miscellaneous	523	6,693		7,216
	<u>75,766</u>	<u>77,205</u>	<u>10,396</u>	<u>163,367</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	36,496	46,460	512	83,468
Public Health Services	2,555	4,170		6,725
Community Environment		585		585
Transportation	110	14,556		14,666
General Government	31,010	702		31,712
Debt Service:				
Principal Payments			11,402	11,402
Interest Payments			1,865	1,865
Capital Outlay			348	348
	<u>70,171</u>	<u>66,473</u>	<u>14,127</u>	<u>150,771</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>5,595</u>	<u>10,732</u>	<u>(3,731)</u>	<u>12,596</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Fixed Assets		2,000		2,000
Other Financing Sources	960	500		1,460
	<u>960</u>	<u>2,500</u>	<u>0</u>	<u>3,460</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,555	13,232	(3,731)	16,056
Fund Cash Balances, January 1	21,218	65,769	3,943	90,930
<b>Fund Cash Balances, December 31</b>	<u>\$ 27,773</u>	<u>\$ 79,001</u>	<u>\$ 212</u>	<u>\$ 106,986</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

VILLAGE OF SHAWNEE  
PERRY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$ 118,126	\$	\$	\$ 118,126
Earnings on Investment		15		15
Miscellaneous	1,405			1,405
Total Operating Cash Receipts	<u>119,531</u>	<u>15</u>	<u>0</u>	<u>119,546</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	15,978			15,978
Fringe Benefits	1,953			1,953
Contractual Services	3,614,572			3,614,572
Supplies and Materials	26,188			26,188
Miscellaneous	7,493			7,493
Total Operating Cash Disbursements	<u>3,666,184</u>	<u>0</u>	<u>0</u>	<u>3,666,184</u>
Operating Income/(Loss)	<u>(3,546,653)</u>	<u>15</u>	<u>0</u>	<u>(3,546,638)</u>
<b>Non-Operating Cash Receipts:</b>				
Intergovernmental Receipts	2,324,773			2,324,773
Other Debt Proceeds	1,506,000			1,506,000
Earnings on Investment	304			304
Other Non-Operating Cash Receipts			17,821	17,821
Total Non-Operating Cash Receipts	<u>3,831,077</u>	<u>0</u>	<u>17,821</u>	<u>3,848,898</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	283,426			283,426
Other Non-Operating Cash Disbursements			10,358	10,358
Total Non-Operating Cash Disbursements	<u>283,426</u>	<u>0</u>	<u>10,358</u>	<u>293,784</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	998	15	7,463	8,476
Transfers-In	11,187			11,187
Transfers-Out	(11,187)			(11,187)
Net Receipts Over/(Under) Disbursements	998	15	7,463	8,476
Fund Cash Balances, January 1	65,875	1,000	217	67,092
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 66,873</u></b>	<b><u>\$ 1,015</u></b>	<b><u>\$ 7,680</u></b>	<b><u>\$ 75,568</u></b>
Reserve for Encumbrances, December 31	<u>\$ 55</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 55</u>

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



**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 34,653	\$ 19,971	\$ 11,306	\$ 65,930
Special Assessments		3,400		3,400
Intergovernmental Receipts	43,258	17,650	1,333	62,241
Charges for Services		11,093		11,093
Fines, Licenses, and Permits	8,374	3,896		12,270
Earnings on Investments	2,660	630		3,290
Miscellaneous	2,621	1,085	2	3,708
	<u>91,566</u>	<u>57,725</u>	<u>12,641</u>	<u>161,932</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	37,951	28,615		66,566
Public Health Services	5,584	3,784		9,368
Community Environment		443		443
Transportation		17,280		17,280
General Government	39,383	2,884		42,267
Capital Outlay			66,183	66,183
	<u>82,918</u>	<u>53,006</u>	<u>66,183</u>	<u>202,107</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>8,648</u>	<u>4,719</u>	<u>(53,542)</u>	<u>(40,175)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Notes			35,000	35,000
Advances-In		1,000		1,000
Advances-Out	(1,000)			(1,000)
Other Financing Uses			(137)	(137)
	<u>(1,000)</u>	<u>1,000</u>	<u>34,863</u>	<u>34,863</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,648	5,719	(18,679)	(5,312)
Fund Cash Balances, January 1	13,570	60,050	22,622	96,242
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 21,218</b></u>	<u><b>\$ 65,769</b></u>	<u><b>\$ 3,943</b></u>	<u><b>\$ 90,930</b></u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

VILLAGE OF SHAWNEE  
PERRY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$ 117,913	\$	\$	\$ 117,913
Total Operating Cash Receipts	<u>117,913</u>	<u>0</u>	<u>0</u>	<u>117,913</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	17,714			17,714
Fringe Benefits	3,358			3,358
Contractual Services	69,011			69,011
Supplies and Materials	17,383			17,383
Miscellaneous	3,034			3,034
Total Operating Cash Disbursements	<u>110,500</u>	<u>0</u>	<u>0</u>	<u>110,500</u>
Operating Income/(Loss)	<u>7,413</u>	<u>0</u>	<u>0</u>	<u>7,413</u>
<b>Non-Operating Cash Receipts:</b>				
Special Assessments	8,598			8,598
Earnings on Investments	972			972
Other Non-Operating Receipts			14,759	14,759
Total Non-Operating Cash Receipts	<u>9,570</u>	<u>0</u>	<u>14,759</u>	<u>24,329</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	16,933			16,933
Other Non-Operating Cash Disbursements			14,542	14,542
Total Non-Operating Cash Disbursements	<u>16,933</u>	<u>0</u>	<u>14,542</u>	<u>31,475</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	50	0	217	267
Transfers-In	21,556			21,556
Transfers-Out	(21,556)			(21,556)
Net Receipts Over/(Under) Disbursements	50	0	217	267
Fund Cash Balances, January 1	<u>65,825</u>	<u>1,000</u>	<u>0</u>	<u>66,825</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 65,875</u></b>	<b><u>\$ 1,000</u></b>	<b><u>\$ 217</u></b>	<b><u>\$ 67,092</u></b>
Reserve for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

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

*Fire Levy Fund* – This fund receives property taxes for offsetting fire protection costs. This fund also received money from a contract with Salt Lick Township to provide fire protection to the residents of that Township.

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Projects Funds**

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

*Capital Project Fund* – This fund receives tax money to provide for payment of principal and interest on a note issued for the purchase of a fire truck.

**5. Enterprise Funds**

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

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

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

*Enterprise Improvement Fund* – This fund received United States Department of Agriculture grant and loan proceeds to update the Village's water and waste disposal system.

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

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

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

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

**E. Budgetary Process**

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

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$ 171,548	\$ 147,366
Certificates of deposit	11,006	10,656
Total deposits	<u>\$ 182,554</u>	<u>\$ 158,022</u>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 83,889	\$ 76,726	\$ (7,163)
Special Revenue	73,177	79,705	6,528
Capital Projects	10,390	10,396	6
Enterprise	793,394	3,961,795	3,168,401
Nonexpendable Trust	20	15	(5)
Total	<u>\$ 960,870</u>	<u>\$ 4,128,637</u>	<u>\$ 3,167,767</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 76,900	\$ 70,171	\$ 6,729
Special Revenue	78,457	66,473	11,984
Capital Projects	10,390	14,127	(3,737)
Enterprise	828,600	3,960,852	(3,132,252)
Nonexpendable Trust	0	0	0
Total	<u>\$ 994,347</u>	<u>\$ 4,111,623</u>	<u>\$ (3,117,276)</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 74,938	\$ 91,566	\$ 16,628
Special Revenue	52,290	58,725	6,435
Capital Projects	11,650	47,641	35,991
Enterprise	4,387,900	149,039	(4,238,861)
Nonexpendable Trust	0	0	0
Total	<u>\$ 4,526,778</u>	<u>\$ 346,971</u>	<u>\$ (4,179,807)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 89,419	\$ 83,918	\$ 5,501
Special Revenue	116,906	53,006	63,900
Capital Projects	36,291	66,320	(30,029)
Enterprise	240,383	148,989	91,394
Nonexpendable Trust	0	0	0
Total	<u>\$ 482,999</u>	<u>\$ 352,233</u>	<u>\$ 130,766</u>

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the EMS Levy and Other Capital Projects funds by \$417 and \$30,030, respectively, at December 31, 2001. Also, budgetary expenditures exceeded appropriation authority in the State Highway, Drug Law Enforcement, Other Capital Projects, and Enterprise Improvement funds by \$814, \$3,472, \$3,737, and \$3,183,055, respectively, at December 31, 2002.

Contrary to Ohio law, appropriation authority exceeded estimated revenues in the General, Street Construction, Maintenance and Repair, Drug Law Enforcement, Other Capital Projects and Enterprise Improvement Funds by \$1,373, \$3,737, \$2,523, \$2,019 and \$75,000, respectively, at December 31, 2001. Also, appropriation authority exceeded estimated revenues in the Street Construction, Maintenance and Repair, Fire Levy, Enterprise Improvement, and Nonexpendable Trust Funds by \$2,893, \$2,000, \$782,650 and \$993, respectively, at February 28, 2002.

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest
Mortgage Revenue Bonds	\$ 55,750	5.00%
Ohio Water Development Authority Loan	1,506,000	3.28%
Ohio Public Works Commission Loan	69,712	0.00%
Promissory Note - Brush Truck	23,598	4.62%
Total	\$ 1,655,060	

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

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. DEBT (Continued)**

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

Year Ending December 31:	Mortgage Revenue Bonds	OWDA Loan	OPWC Loan	Brush Truck Note
2003	\$ 10,788	\$	\$ 4,225	\$ 9,872
2004	11,387	1,536,942	4,225	9,872
2005	10,938		4,225	9,872
2006	11,400		4,225	
2007	10,950		4,225	
Subsequent	21,500		48,587	
Total	<u>\$ 76,963</u>	<u>\$ 1,536,942</u>	<u>\$ 69,712</u>	<u>\$ 29,616</u>

**6. CONTRACTS OUTSTANDING**

The following contracts were outstanding at December 31, 2002:

Contracts	Amount Outstanding
Kirk Brothers	\$ 145,822
Field's Excavating	56,500
Claypool Electric	44,360
Total	<u>\$ 246,682</u>

All of the contracts outstanding at December 31, 2002 are related to the Sewer Improvement Project. These contracts are expected to be paid in full by the end of 2003.

**7. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PFDPF contributed 10% of their gross salaries to the PFDPF. The Village contributed an amount equal to 19.5% of police participant wages. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries. The Village has paid all contributions required through December 31, 2002.



**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2001 and 2000 generally protect against individual losses exceeding \$100,000 (\$150,000 for policies issued prior to April 1, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2001 and 2000 (the latest information available):

	<u>2001</u>	<u>2000</u>
Assets	\$ 3,354,251	\$ 2,958,827
Liabilities	<u>(4,851,866)</u>	<u>(3,863,373)</u>
Retained Deficit	<u>\$ (1,497,615)</u>	<u>\$ (904,546)</u>

**9. CONTINGENT LIABILITIES**

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

**10. SUBSEQUENT EVENTS**

The Village was awarded a United States Department of Agriculture (USDA) - Rural Development long-term loan for the repayment of Ohio Water Development Authority (OWDA) interim financing noted in Note 5. Although this loan was originally awarded in 2002, the proceeds will not be available until the related sewer project is completed. It is expected that the USDA loan will be closed and the OWDA loan paid off in early 2004. The approved loan amount from USDA is \$1,146,000. The difference between the OWDA loan balance and the USDA loan proceeds will be provided by additional grants and local funding.

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**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	<u>Disbursements</u>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<i>Direct from Federal Government</i>			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	<u>\$ 2,713,322</u>
Total United States Department of Agriculture			2,713,322
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Pass through State Department of Development:</i>			
Community Development Block Grant - State's Program	14.228	CW-00-231-1	500,000
<i>Pass through Perry County Commissioners:</i>			
Community Development Block Grant - State's Program		B-F-98-059-1	<u>52,673</u>
Total Community Development Block Grant Program			<u>552,673</u>
Total United States Department of Housing and Urban Development			552,673
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
<i>Pass through Ohio Emergency Management Agency:</i>			
Assistance to Firefighters Grant Program	83.554	N/A	<u>13,500</u>
Total Federal Emergency Management Agency			<u>13,500</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$ 3,279,495</u></u></b>

*The accompanying notes to this Schedule of Federal Awards Expenditures are an integral part of this Schedule.*

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.



## **Auditor of State Betty Montgomery**

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

Village of Shawnee  
Perry County  
P.O. Box 15  
Shawnee, Ohio 43782-0015

To the Village Council:

We have audited the financial statements of the Village of Shawnee, Perry County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2002-31064-001 and 2002-31064-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 17, 2003.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 17, 2003.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended for the information and use of the management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

April 17, 2003



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Shawnee  
Perry County  
P.O. Box 15  
Shawnee, Ohio 43782-0015

To the Village Council:

**Compliance**

We have audited the compliance of the Village of Shawnee, Perry County, Ohio (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The Village's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

April 17, 2003



**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECMEBER 31, 2002 AND 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Water and Waste Disposal Systems for Rural Communities – CFDA # 10.760
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

VILLAGE OF SHAWNEE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECMEBER 31, 2002 AND 2001  
(Continued)

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

**FINDING NUMBER 2002-31064-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated revenue.

At December 31, 2001, appropriations exceeded estimated revenue in the following funds:

<u>Fund</u>	<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$ 88,046	\$ 89,419	\$ (1,373)
Street Construction, Maintenance & Repair	\$ 19,264	\$ 23,001	\$ (3,737)
Drug Law Enforcement	\$ 4,056	\$ 6,579	\$ (2,523)
Other Capital Projects	\$ 34,272	\$ 36,291	\$ (2,019)
Enterprise Improvement	\$ -	\$ 75,000	\$ (75,000)

At February 28, 2002, appropriations exceeded estimated revenue in the following funds:

<u>Fund</u>	<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Variance</u>
Street Construction, Maintenance & Repair	\$ 21,673	\$ 24,566	\$ (2,893)
Fire Levy	\$ 69,312	\$ 71,312	\$ (2,000)
Enterprise Improvement	\$ -	\$ 782,650	\$ (782,650)
Nonexpendable Trust	\$ 20	\$ 1,013	\$ (993)

By not limiting appropriations to estimated resources, the Village may obligate more funds than are available for expenditure.

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

**FINDING NUMBER 2002-31064-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated as provided in Ohio Rev. Code Chapter 5705.

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECMEBER 31, 2002 AND 2001  
(Continued)**

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

**FINDING NUMBER 2002-31064-002 (Continued)**

**Noncompliance Citation (Continued)**

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

At November 30, 2001, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Budgetary Expenditures	Variance
Street Construction Maintenance & Repair	\$ 18,877	\$ 20,540	\$ (1,663)
Other Capital Projects	\$ 34,272	\$ 66,320	\$ (32,048)

At December 31, 2001, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Budgetary Expenditures	Variance
EMS Levy	\$ 5,302	\$ 5,718	\$ (416)
Other Capital Projects	\$ 36,292	\$ 66,320	\$ (30,028)

At February 28, 2002, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Budgetary Expenditures	Variance
Enterprise Improvement	\$ 782,650	\$ 3,269,949	\$ (2,487,299)

At December 31, 2002, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Budgetary Expenditures	Variance
State Highway	\$ 612	\$ 1,426	\$ (814)
Drug Law Enforcement	\$ 1,480	\$ 4,952	\$ (3,472)
Other Capital Projects	\$ 10,390	\$ 14,127	\$ (3,737)
Enterprise Improvement	\$ 645,702	\$ 3,828,757	\$ (3,183,055)

The Village Clerk should deny payment requests exceeding appropriations. The Village Clerk may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**VILLAGE OF SHAWNEE  
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 §.315(b)  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-31064-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.28 for the failure to adopt a tax budget.	Yes	N/A
2000-31064-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.34 for the failure to authorize the necessary tax levies.	No	This noncompliance citation is no longer significant and is repeated in the current audit Management Letter.
2000-31064-003	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.36 for failure to submit the certificate of available revenue and certify it to the County Auditor in a timely manner.	Yes	N/A
2000-31064-004	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.38 for failure to adopt an appropriation measure for 1999.	Yes	N/A
2000-31064-005	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated revenue during 2000 in several funds.	No	This noncompliance citation is repeated in the Schedule of Findings as item 2002-31064-001.
2000-31064-006	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for actual disbursement exceeding appropriations in several funds in 1999.	Yes	N/A
2000-31064-007	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not encumbering properly.	No	This noncompliance citation is no longer significant and is repeated in the current audit Management Letter.



**Auditor of State  
Betty Montgomery**

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800-282-0370  
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**VILLAGE OF SHAWNEE**

**PERRY COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 17, 2003**