



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 12, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**SHAWNEE TOWNSHIP
ALLEN COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shawnee Township, Allen County, (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Police District Fund, Fire District Fund and Road District Fund for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments.

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2006 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

December 12, 2006

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

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

This discussion and analysis of Shawnee Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

- Net assets of governmental activities decreased \$327,098, or approximately 14 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Fire District Fund, which realized the greatest burden of increased costs during 2005; however, cost increases affected most funds.
- The Township's general receipts are primarily property taxes. These receipts represent respectively \$3,113,489 and 71 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004, although development within the Township increased.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements.

Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

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

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

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Police District Fund, Fire District Fund, and Road District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to other department of the Township, the service is reported as an internal service fund. The Township has one internal service fund to account for employee health-care claims. This fund had been eliminated by the end of 2005.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

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

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

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$2,065,708	\$2,344,248
Total Assets	<u>2,065,708</u>	<u>2,344,248</u>
Net Assets		
Restricted for:		
Other Purposes	1,605,124	1,716,109
Unrestricted	460,584	628,139
Total Net Assets	<u>\$2,065,708</u>	<u>\$2,344,248</u>

As mentioned previously, net assets of governmental activities decreased \$327,098 or approximately 14 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- During 2005, capital expenditures from the Township's major funds were \$49,951 in the Road and Bridge Fund, \$53,953 in the Police District Fund, and \$33,860 in the Fire District Fund.

Table 2 reflects the changes in net assets during 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

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

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$95,573
Operating Grants and Contributions	387,207
Capital Grants and Contributions	<u>237,983</u>
Total Program Receipts	<u>720,763</u>

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

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

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

	Governmental Activities 2005
General Receipts:	
Property and Other Local Taxes	3,113,489
Grants and Entitlements Not Restricted to Specific Programs	393,728
Interest	67,318
Sale of Fixed Assets	11,468
Miscellaneous	41,598
Total General Receipts	3,627,601
Total Receipts	4,348,364
 Disbursements:	
General Government	305,216
Public Safety	3,378,361
Public Works	551,660
Health	68,885
Other	38
Capital Outlay	371,302
Total Disbursements	4,675,462
 Increase (Decrease) in Net Assets	(327,098)
 Net Assets, January 1, 2005	2,392,806
Net Assets, December 31, 2005	\$2,065,708

Program receipts represent only 17 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as grants from the Federal Emergency Management Association, motor vehicle license and gas tax money.

General receipts represent 83 percent of the Township's total receipts, and of this amount, approximately 86 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (11 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board, and the legal council, and fiscal officer, as well as administrative costs. Since these costs do not represent direct services to residents, we try to limit these costs to 4 % of General Fund unrestricted receipts.

Public Safety are the costs of police and fire protection; Public Health Services is the health department; and Public Works is the cost of maintaining the roads.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

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

Governmental Activities

If you look at the Statement of Activities on page 9, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 72 and 12 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 6 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2005	Net Cost of Services 2005
General Government	\$305,216	(\$281,398)
Public Safety	3,378,361	(2,815,654)
Public Works	551,660	(417,422)
Health	68,885	(68,885)
Other	38	(38)
Capital Outlay	371,302	(371,302)
Total Expenses	<u>\$4,675,462</u>	<u>(\$3,954,699)</u>

The dependence upon property tax receipts is apparent as approximately 67 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$4,348,364 and disbursements of \$4,675,462. The greatest change within governmental funds occurred within the General Fund, the Police District Fund, and the Fire District Fund. The fund balances of these funds decreased \$167,555, \$90,293, and \$193,022, respectively as the result of increased costs for salaries and benefits, capital outlay, and not achieving anticipated growth in property tax receipts.

For 2005 the Police District Fund had a fund balance of \$14,295 and without a transfer of \$100,000 from the General Fund to the Police District during the year, the fund would be in a deficit spending situation.

Although there were spending cuts within the Police District during 2005, and in previous years, by reducing its operating expenses and purchases of equipment, and by not replacing one full-time officer who had retired during 2005, it was the recommendation of the finance committee and the administration to request additional funds from the taxpayers.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

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

General Fund Budgeting Highlights

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

Final disbursements were budgeted at \$1,051,110 while actual disbursements were \$788,591. The Township kept spending below the budgeted amounts.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes. The financial forecast predicted a deficit during 2006 for the Police District Fund; therefore, on August 5, 2005, the taxing authority of Shawnee Township certified a copy of its resolution requesting the county auditor to certify the current tax valuation of the subdivision and the amount of revenue that would be produced by 2.00 mills, and to levy a tax outside the ten-mill limitation for the Shawnee Police District pursuant to the Ohio Revised Code 5705.03 (B), to be placed on the ballot on the November 8, 2005 election. Said levy is an additional for the purpose of providing current expenses and is to be placed on the 2005 tax duplicate for a period of five (5) years, with collection first due during the calendar year 2006. The estimated property tax revenue that will be produced by the stated millage, assuming the tax valuation of the subdivision remains constant throughout the life of the levy, is calculated to be \$564,300. The total tax valuation of the subdivision used in calculating the estimated property tax revenue is \$282,113,990. The majority votes cast by residents of Shawnee Township on the November 8th, 2005 election, voted in favor of the levy.

Contacting the Township's Financial Management

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

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,065,708</u>
Total Assets	<u><u>2,065,708</u></u>
Net Assets	
Restricted for:	
Other Purposes	1,605,124
Unrestricted	<u>460,584</u>
Total Net Assets	<u><u>\$2,065,708</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$305,216	\$19,223	\$4,595	(\$281,398)
Public Safety	3,378,361	72,510	252,214	237,983 (2,815,654)
Public Works	551,660	3,840	130,398	(417,422)
Health	68,885			(68,885)
Other	38			(38)
Capital Outlay	371,302			(371,302)
Total Governmental Activities	\$4,675,462	\$95,573	\$387,207	\$237,983 (3,954,699)
		General Receipts		
		Property Taxes		3,113,489
		Grants and Entitlements not Restricted to Specific Programs		393,728
		Sale of Fixed Assets		11,468
		Earnings on Investments		67,318
		Miscellaneous		41,598
		Total General Receipts		3,627,601
		Change in Net Assets		(327,098)
		Net Assets Beginning of Year		2,392,806
		Net Assets End of Year		\$2,065,708

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
DECEMBER 31, 2005**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
Assets								
Equity in Pooled Cash and Cash Equivalents	\$460,584	\$326,046	\$414,739	\$14,295	\$372,000	\$434,956	\$43,088	\$2,065,708
Total Assets	<u>460,584</u>	<u>326,046</u>	<u>414,739</u>	<u>14,295</u>	<u>372,000</u>	<u>434,956</u>	<u>43,088</u>	<u>2,065,708</u>
Fund Balances								
Reserved:								
Reserved for Encumbrances	578			1,552			4,760	6,890
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	460,006							460,006
Special Revenue Funds		326,046	414,739	12,743	372,000	434,956	38,328	1,598,812
Total Fund Balances	<u>\$460,584</u>	<u>\$326,046</u>	<u>\$414,739</u>	<u>\$14,295</u>	<u>\$372,000</u>	<u>\$434,956</u>	<u>\$43,088</u>	<u>\$2,065,708</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
Receipts								
Property and Other Local Taxes	\$220,621		\$324,797	\$654,505	\$1,747,355	\$166,211		\$3,113,489
Charges for Services					51,875		9,605	61,480
Licenses, Permits and Fees	19,160		2,875					22,035
Fines and Forfeitures				9,986			1,044	11,030
Intergovernmental	293,762	97,714	36,221	121,470	124,114	10,981	330,211	1,014,473
Special Assessments	63		965					1,028
Earnings on Investments	67,318							67,318
Miscellaneous	10,975		2,403	14,044	14,375		4,245	46,042
Total Receipts	<u>611,899</u>	<u>97,714</u>	<u>367,261</u>	<u>800,005</u>	<u>1,937,719</u>	<u>177,192</u>	<u>345,105</u>	<u>4,336,895</u>
Disbursements								
Current:								
General Government	302,319						2,897	305,216
Public Safety	302,520			939,055	2,124,697		12,089	3,378,361
Public Works	14,252		326,715			120,087	90,607	551,661
Health	68,885							68,885
Capital Outlay			49,951	53,953	33,860		233,538	371,302
Total Disbursements	<u>687,976</u>		<u>376,666</u>	<u>993,008</u>	<u>2,158,557</u>	<u>120,087</u>	<u>339,131</u>	<u>4,675,425</u>
Receipts Over (Under) Disbursements	<u>(76,077)</u>	<u>97,714</u>	<u>(9,405)</u>	<u>(193,003)</u>	<u>(220,838)</u>	<u>57,105</u>	<u>5,974</u>	<u>(338,530)</u>
Other Financing Sources (Uses)								
Sale of Fixed Assets	130		636	998	9,705			11,469
Transfers In	8,429		20,306	101,712	18,111			148,558
Transfers Out	(100,000)							(100,000)
Advances In	180,000			180,000				360,000
Advances Out	(180,000)			(180,000)				(360,000)
Other Financing Uses	(37)							(37)
Total Other Financing Sources (Uses)	<u>(91,478)</u>		<u>20,942</u>	<u>102,710</u>	<u>27,816</u>			<u>59,990</u>
Net Change in Fund Balances	<u>(167,555)</u>	<u>97,714</u>	<u>11,537</u>	<u>(90,293)</u>	<u>(193,022)</u>	<u>57,105</u>	<u>5,974</u>	<u>(278,540)</u>
Fund Balances Beginning of Year	<u>628,139</u>	<u>228,332</u>	<u>403,202</u>	<u>104,588</u>	<u>565,022</u>	<u>377,851</u>	<u>37,114</u>	<u>2,344,248</u>
Fund Balances End of Year	<u>\$460,584</u>	<u>\$326,046</u>	<u>\$414,739</u>	<u>\$14,295</u>	<u>\$372,000</u>	<u>\$434,956</u>	<u>\$43,088</u>	<u>\$2,065,708</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
GENERAL FUND
OR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Property and Other Local Taxes	\$241,000	\$226,100	\$220,621	(\$5,479)
Licenses, Permits and Fees	13,000	19,000	19,160	160
Intergovernmental	216,850	194,000	293,762	99,762
Special Assessments	100	100	63	(37)
Earnings on Investments	30,000	32,300	67,318	35,018
Miscellaneous	2,500	2,500	10,975	8,475
Total Cash Receipts	<u>503,450</u>	<u>474,000</u>	<u>611,899</u>	<u>137,899</u>
Cash Disbursements				
Current:				
General Government	403,800	405,900	302,319	103,581
Public Safety	437,100	438,122	303,098	135,024
Public Works	26,000	26,000	14,252	11,748
Health	71,000	71,000	68,885	2,115
Capital Outlay	63,200	9,600		9,600
Total Cash Disbursements	<u>1,001,100</u>	<u>950,622</u>	<u>688,554</u>	<u>262,068</u>
Receipts Over (Under) Disbursements	<u>(497,650)</u>	<u>(476,622)</u>	<u>(76,655)</u>	<u>399,967</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			130	130
Transfers In			8,429	8,429
Transfers Out	(100,000)	(100,000)	(100,000)	
Advances In			180,000	180,000
Advances Out			(180,000)	(180,000)
Other Financing Uses	(1,000)	(488)	(37)	451
Total Other Financing Sources (Uses)	<u>(101,000)</u>	<u>(100,488)</u>	<u>(91,478)</u>	<u>9,010</u>
Net Change in Fund Balance	(598,650)	(577,110)	(168,133)	408,977
Fund Balance Beginning of Year	<u>628,139</u>	<u>628,139</u>	<u>628,139</u>	
Fund Balance End of Year	<u><u>\$29,489</u></u>	<u><u>\$51,029</u></u>	<u><u>\$460,006</u></u>	<u><u>\$408,977</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Intergovernmental	\$60,000	\$60,000	\$97,714	\$37,714
Earnings on Investments	2,000	2,000		(2,000)
Total Cash Receipts	<u>62,000</u>	<u>62,000</u>	<u>97,714</u>	<u>35,714</u>
Cash Disbursements				
Current:				
Public Works	<u>290,000</u>	<u>290,000</u>		<u>290,000</u>
Total Cash Disbursements	<u>290,000</u>	<u>290,000</u>		<u>290,000</u>
Net Change in Fund Balance	(228,000)	(228,000)	97,714	325,714
Fund Balance Beginning of Year	<u>228,332</u>	<u>228,332</u>	<u>228,332</u>	
Fund Balance End of Year	<u><u>\$332</u></u>	<u><u>\$332</u></u>	<u><u>\$326,046</u></u>	<u><u>\$325,714</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Property and Other Local Taxes	\$317,000	\$331,100	\$324,797	(\$6,303)
Licenses, Permits and Fees	3,000	3,000	2,875	(125)
Intergovernmental	49,584	24,000	36,221	12,221
Special Assessments	500	500	965	465
Miscellaneous	1,000	1,000	2,403	1,403
Total Cash Receipts	<u>371,084</u>	<u>359,600</u>	<u>367,261</u>	<u>7,661</u>
Cash Disbursements				
Current:				
Public Works	575,200	580,200	326,715	253,485
Capital Outlay	176,200	183,700	49,951	133,749
Total Cash Disbursements	<u>751,400</u>	<u>763,900</u>	<u>376,666</u>	<u>387,234</u>
Receipts Over (Under) Disbursements	<u>(380,316)</u>	<u>(404,300)</u>	<u>(9,405)</u>	<u>394,895</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			636	636
Transfers In			20,306	20,306
Total Other Financing Sources (Uses)			<u>20,942</u>	<u>20,942</u>
Net Change in Fund Balance	(380,316)	(404,300)	11,537	415,837
Fund Balance Beginning of Year	<u>403,202</u>	<u>403,202</u>	<u>403,202</u>	
Fund Balance End of Year	<u>\$22,886</u>	<u>(\$1,098)</u>	<u>\$414,739</u>	<u>\$415,837</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Property and Other Local Taxes	\$708,000	\$678,000	\$654,505	(\$23,495)
Fines and Forfeitures	10,000	10,000	9,986	(14)
Intergovernmental	47,000	102,000	121,470	19,470
Miscellaneous	5,250	14,910	14,044	(866)
Total Cash Receipts	<u>770,250</u>	<u>804,910</u>	<u>800,005</u>	<u>(4,905)</u>
Cash Disbursements				
Current:				
Public Safety	946,500	994,760	940,607	54,153
Capital Outlay		54,200	53,953	247
Total Cash Disbursements	<u>946,500</u>	<u>1,048,960</u>	<u>994,560</u>	<u>54,400</u>
Receipts Over (Under) Disbursements	<u>(176,250)</u>	<u>(244,050)</u>	<u>(194,555)</u>	<u>49,495</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			998	998
Transfers In		100,000	101,712	1,712
Advances In		50,000	180,000	130,000
Advances Out			(180,000)	(180,000)
Total Other Financing Sources (Uses)		<u>150,000</u>	<u>102,710</u>	<u>(47,290)</u>
Net Change in Fund Balance	(176,250)	(94,050)	(91,845)	2,205
Fund Balance Beginning of Year	<u>104,588</u>	<u>104,588</u>	<u>104,588</u>	
Fund Balance End of Year	<u>(\$71,662)</u>	<u>\$10,538</u>	<u>\$12,743</u>	<u>\$2,205</u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Property and Other Local Taxes	\$1,824,000	\$1,766,700	\$1,747,355	(\$19,345)
Charges for Services	41,500	41,500	51,875	10,375
Intergovernmental	127,000	111,462	124,114	12,652
Miscellaneous	6,500	9,900	14,375	4,475
Total Cash receipts	<u>1,999,000</u>	<u>1,929,562</u>	<u>1,937,719</u>	<u>8,157</u>
Cash Disbursements				
Current:				
Public Safety	2,353,500	2,392,130	2,124,697	267,433
Capital Outlay	220,000	112,832	33,860	78,972
Total Cash Disbursements	<u>2,573,500</u>	<u>2,504,962</u>	<u>2,158,557</u>	<u>346,405</u>
Receipts Over (Under) Disbursements	<u>(574,500)</u>	<u>(575,400)</u>	<u>(220,838)</u>	<u>354,562</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			9,705	9,705
Transfers In			18,111	18,111
Total Other Financing Sources (Uses)			<u>27,816</u>	<u>27,816</u>
Net Change in Fund Balance	(574,500)	(575,400)	(193,022)	382,378
Fund Balance Beginning of Year	<u>565,022</u>	<u>565,022</u>	<u>565,022</u>	
Fund Balance End of Year	<u><u>(\$9,478)</u></u>	<u><u>(\$10,378)</u></u>	<u><u>\$372,000</u></u>	<u><u>\$382,378</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
ROAD DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Property and Other Local Taxes	\$170,000	\$168,400	\$166,211	(\$2,189)
Intergovernmental	48,300	38,900	10,981	(27,919)
Total Cash receipts	<u>218,300</u>	<u>207,300</u>	<u>177,192</u>	<u>(30,108)</u>
Cash Disbursements				
Current:				
Public Works	<u>534,500</u>	<u>534,500</u>	<u>120,087</u>	<u>414,413</u>
Total Cash Disbursements	<u>534,500</u>	<u>534,500</u>	<u>120,087</u>	<u>414,413</u>
Excess of Receipts Over (Under) Disbursements	<u>(316,200)</u>	<u>(327,200)</u>	<u>57,105</u>	<u>384,305</u>
Net Change in Fund Balance	(316,200)	(327,200)	57,105	384,305
Fund Balance Beginning of Year	<u>377,851</u>	<u>377,851</u>	<u>377,851</u>	
Fund Balance End of Year	<u><u>\$61,651</u></u>	<u><u>\$50,651</u></u>	<u><u>\$434,956</u></u>	<u><u>\$384,305</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND NET ASSETS - CASH BASIS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

Transfers In	\$0
Transfers Out	<u>(48,558)</u>
Change in Net Assets	(48,558)
Net Assets Beginning of Year	<u>48,558</u>
Net Assets End of Year	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2005**

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,879</u>
Total Assets	<u><u>4,879</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>4,879</u>
Total Net Assets	<u><u>\$4,879</u></u>

See accompanying notes to the basic financial statements.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

1. REPORTING ENTITY

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

The reporting entity is comprised of the primary government. There are no other entities that are required to be reported to ensure that the financial statements are not misleading.

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

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Shawnee Township Cemetery Association (the Cemetery) is a component unit of the Township. The Township's Board of Trustees appoint the three members of the Cemetery Board. Note 13 further discusses this relationship. The activity of this Cemetery is not included on the Township's financial statements since the activity is not significant to the Township.

The Township participates in one jointly governed organization. Note 14 to the financial statements provides additional information for this entity. This organization is the Allen Water District

The Shawnee Township Cemetery Association, Allen County (the Cemetery), 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 Cemetery is directed by a three-member Board of Trustees appointed by the Shawnee Township Trustees. The Cemetery maintains the Township cemetery and provides grounds maintenance, opening and closings of graves, and the sale of grave lots. The Township is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Township.

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

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

2. Fund Financial Statements

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

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating. The Township's only Proprietary Fund was the Internal Service Fund.

B. Fund Accounting

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

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds:

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

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

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

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

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

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

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

2. Proprietary Funds

The Township classifies funds financed primarily from user charges for goods or services as proprietary. The Proprietary fund is classified as internal service.

Internal Service Fund - Internal service funds account for services provided by one department of the Township to another on a cost-reimbursement basis. The Township's internal service fund accounts for a self-insurance program for employee health, vision, prescription drug and dental benefits.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Fiduciary Funds

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

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

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

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

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

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

During 2005, the Township had a checking and savings account.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$67,318 which includes \$52,038 assigned from other Township funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

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

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. At December 31, 2005, the following represent the amounts restricted by enabling legislation: road and bridge levy - \$414,739, police protection levy - \$14,295, fire protection levy - \$372,000, and road district levy - \$434,956.

M. Fund Balance Reserves

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

N. Interfund Transactions

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

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

3. CHANGE IN BASIS OF ACCOUNTING

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

4. ACCOUNTABILITY AND COMPLIANCE

The Township failed to establish a separate fund to account for a FEMA Grant. This violated the requirements of Ohio Revised Code Section 5705.09 and AOS Bulletin 98-013. The Township also recorded some restricted revenues in the wrong fund which violated Ohio Revised Code Section 5705.10.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING

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

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$578 for the General Fund and \$1,552 for the Police District Fund.

6. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,069,677 of the Township's bank balance of \$2,169,677 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

7. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received during 2005 represent the collection of 2004 taxes. Real property taxes received during 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received during 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received during 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

7. PROPERTY TAXES (Continued)

Tangible personal property tax receipts received during 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received during 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$12.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$205,522,960
Agriculture	3,714,430
Commercial/Industrial/Mineral	33,408,480
Public Utility Property	
Real	91,830
Personal	18,155,210
Tangible Personal Property	109,953,748
Total Assessed Value	<u><u>\$370,846,658</u></u>

8. RISK MANAGEMENT

Risk Pool Membership

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

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

8. RISK MANAGEMENT (Continued)

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

At December 31, 2005 and 2004, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$70,760. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

8. RISK MANAGEMENT (Continued)

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

<u>Township Contributions to OTARMA</u>	
2003	\$32,775
2004	\$32,995
2005	\$37,111

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

9. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

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

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

9. DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended December 31, 2005, the members in all three plans, except those in law enforcement, were required to contribute 8.5 percent of their annual covered salaries. Members in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$160,590, \$158,160, and \$157,906 respectively. The full amount has been contributed for 2005, 2004 and 2003.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 16.25 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters were \$281,083 for the year ended December 31, 2005, \$271,878 for the year ended December 31, 2004 and \$266,771 for the year ended December 31, 2003. The full amount has been contributed for 2005, 2004 and 2003.

10. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

10. POST-EMPLOYMENT BENEFITS (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund post-employment benefits were \$47,374. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the post-employment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2005 that were used to fund post-employment benefits were \$90,790 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 10,528 for firefighters.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

11. INTERFUND TRANSFERS

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Police District Fund	\$100,000

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in Police District Fund in accordance with budgetary authorizations.

12. CONTINGENT LIABILITIES

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

13. COMPONENT UNIT

Shawnee Township Cemetery Association – Shawnee Township Cemetery Association, Allen County (the Cemetery), 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 Cemetery is directed by a three-member Board of Trustees appointed by the Shawnee Township Trustees. The Cemetery maintains the township cemetery and provides ground maintenance, opening and closings of graves, and the sale of grave lots.

The Township has not been required to give substantial monetary support in recent years, and the Cemetery is currently generating sufficient revenues to provide for operations. Additional financial information can be obtained by contacting Missy VanMeter, Shawnee Township, 2530 Ft. Amanda Road, Lima, Ohio 45804.

14. JOINTLY GOVERNED ORGANIZATIONS

Allen Water District - The Allen Water District (the District), was created by the Court of Common Pleas in Allen County in accordance with the provisions of Section 6119.07 to provide water services to residents of Bath, Perry, and Shawnee Townships. A seven (7) member Board of Trustees manage the District. Each member appoints a member and those members appoint at large members.

Financial information can be obtained by contacting Glenn Hasting, Treasurer, at P.O. Box 724, Lima, Ohio 45802-0724.

15. SHAWNEE INDUSTRIAL NEIGHBORHOOD GROUP

The Township is involved in an organization that consists of itself and eight local industrial partners. They gather once a year to determine the needs of the Township fire department. Each partner will then donate an equal amount to the Township in order to meet the needs. The proceeds were originally used to purchase foam for the fire department, but the inventory is high so that other needs are currently being addressed. The foam inventory is being maintained at the Township fire department.



Auditor of State Betty Montgomery

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shawnee Township, Allen County, (the "Township"), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 12, 2006, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated December 12, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2005-001 and 2005-002. In a separate letter to the Township's management dated December 12, 2006, we reported other matters related to noncompliance we deemed immaterial.

Shawnee Township
Allen County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for 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

December 12, 2006

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Rev. Code Section 5705.09 requires a subdivision to establish a separate fund for all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose. **AOS Bulletin 98-013** requires the establishment of a separate fund for grants received from the Federal Emergency Management Agency (FEMA). The Township failed to establish a separate FEMA Funds to account for a fire equipment grant in the amount of \$165,433, a fire equipment grant in the amount of \$68,105, and an ice storm reimbursement grant in the amount of \$75,343. The financial statements in this report have been adjusted to correctly account for the receipt and expenditure of these grants.

The Township should periodically review the financial records to help assure that separate funds have been established for restricted revenues.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

During 2005, the Fiscal Officer recorded \$175 of a road performance bond and a \$25 related fee to the Foam Fund instead of the Road Performance Bond Fund and the Road and Bridge Fund. In addition, the Fiscal Officer recorded \$1,698 of motor vehicle license registration fees to the General Fund, \$3,491 to the Gasoline Tax Fund, and \$1,496 to the Police District Fund instead of to the Motor Vehicle License Tax Fund. The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts in the funds. The required adjustments had the following effect upon the respective funds

2005	Road Performance Bond Fund	Foam Fund	Road and Bridge Fund	General Fund	Police District Fund	Motor Vehicle License Fund	Gasoline Tax Fund
Road Performance Bond	\$175	(\$200)	\$25				
Registration Fees				(\$1,698)	(\$1,496)	\$6,685	(\$3,491)

The Township should periodically review financial records to help assure all receipts have been recorded in the correct fund.

OFFICIAL'S RESPONSE

We did not receive a response from Officials to these findings.

**SHAWNEE TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC Sec. 5705.10 – Restricted revenues recorded in the wrong fund	No	Repeated as finding 2005-002
2004-002	ORC Sec. 5705.41(D) – Expenditures were not prior certified	Yes	



Mary Taylor, CPA
Auditor of State

SHAWNEE TOWNSHIP

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 18, 2007**