

VILLAGE OF SHAWNEE
PERRY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of Shawnee, Perry County, prepared by Knox & Knox CPAS, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 12, 2007

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VILLAGE OF SHAWNEE
PERRY COUNTY

Table of Contents

<u>Title</u>	<u>Page</u>
Independent Accountants' Report	1
Combined Statement of Cash Fund Balances - All Fund Types December 31, 2005 and 2004	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005	4
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, 2005	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	6
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, 2004	7
Notes to the Financial Statements	8
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	16
Schedule of Prior Audit Findings	18
Schedule of Findings	19

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

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

We have audited the accompanying financial statements of the Village of Shawnee, Perry County, Ohio, (the Village) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Village of Shawnee to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village of Shawnee does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The

Village of Shawnee has elected not to reformat its statements. Since the Village of Shawnee does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Shawnee's combined funds as of December 31, 2005 and 2004, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Shawnee, Perry County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village of Shawnee to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village of Shawnee has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2007, on our consideration of the Village of Shawnee's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Knox & Knox

Orrville, Ohio
April 23, 2007

VILLAGE OF SHAWNEE
PERRY COUNTY

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2005 AND 2004

Cash and Cash Equivalents	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents	<u>\$339,578</u>	<u>\$245,425</u>
Total Cash and Cash Equivalents	<u><u>\$339,578</u></u>	<u><u>\$245,425</u></u>
Cash Fund Balances		
Government Fund Types:		
General Fund	\$30,665	\$26,670
Special Revenue Funds	113,056	106,232
Capital Projects Funds	<u>4,386</u>	<u>827</u>
Total Government Fund Types	<u>148,107</u>	<u>133,729</u>
Proprietary Fund Types:		
Enterprise Funds	190,431	110,664
Fiduciary Funds	<u>1,040</u>	<u>1,032</u>
Total Proprietary Fund Types	<u>191,471</u>	<u>111,696</u>
Total Cash Fund Balances	<u><u>\$339,578</u></u>	<u><u>\$245,425</u></u>

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

VILLAGE OF SHAWNEE
PERRY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property Tax and Other Local Taxes	\$39,297	\$26,072	\$10,939	\$76,308
Intergovernmental Receipts	35,722	19,900	1,893	57,515
Charges for Services		11,095		11,095
Fines, License, and Permits	3,379	715		4,094
Earnings on Investments	2,388			2,388
Miscellaneous	100	7,000	176,250	183,350
Total Cash Receipts	<u>80,886</u>	<u>64,782</u>	<u>189,082</u>	<u>334,750</u>
Cash Disbursements				
Current:				
Security of Persons and Property	28,946	28,554		57,500
Public Health Services	115	8,637		8,752
Community Environment		200		200
Transportation	1,610	21,175		22,785
General Government	46,197	4,200		50,397
Capital Outlay			175,453	175,453
Debt Service:				
Principal			13,975	13,975
Interest			617	617
Total Cash Disbursements	<u>76,868</u>	<u>62,766</u>	<u>190,045</u>	<u>329,679</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>4,018</u>	<u>2,016</u>	<u>(963)</u>	<u>5,071</u>
Other Financing Receipts and Disbursements:				
Sale of Note		10,000		10,000
Other Financing Sources	(23)	(670)		(693)
Transfers-In			4,522	4,522
Transfers-Out		(4,522)		(4,522)
Total Other Financing Receipts/ (Disbursements)	<u>(23)</u>	<u>4,808</u>	<u>4,522</u>	<u>9,307</u>
Excess of Cash Receipts and Other Receipts Over/(Under) Other Financing Disbursements	<u>3,995</u>	<u>6,824</u>	<u>3,559</u>	<u>14,378</u>
Fund Cash Balances, January 1	<u>26,670</u>	<u>106,232</u>	<u>827</u>	<u>133,729</u>
Fund Cash Balances, December 31	<u><u>\$30,665</u></u>	<u><u>\$113,056</u></u>	<u><u>\$4,386</u></u>	<u><u>\$148,107</u></u>

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

VILLAGE OF SHAWNEE
PERRY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Non Expendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$235,839			\$235,839
Total Operating Cash Receipts	<u>235,839</u>			<u>235,839</u>
Operating Cash Disbursement:				
Personal Services	16,289			16,289
Fringe Benefits	938			938
Contractual Services	265,049			265,049
Supplies and Materials	19,796			19,796
Capital Outlay	59,853			59,853
Total Operating Cash Disbursements	<u>361,925</u>			<u>361,925</u>
Operating Income/(Loss)	<u>(126,086)</u>			<u>(126,086)</u>
Non-Operating Cash Receipts				
Intergovernmental	223,946			223,946
Sale of Note	34,230			34,230
Other Non-Operating Receipts	532	\$8	\$3,369	3,909
Total Non-Operating Cash Receipts	<u>258,708</u>	<u>8</u>	<u>3,369</u>	<u>262,085</u>
Non-Operating Cash Disbursements				
Debt Service	52,855			52,855
Other Non-Operating Cash Disbursements			3,369	3,369
Total Non-Operating Cash Disbursements	<u>52,855</u>		<u>3,369</u>	<u>56,224</u>
Net Receipts Over/(Under) Disbursements	<u>79,767</u>	<u>8</u>		<u>79,775</u>
Fund Cash Balances, January 1	<u>110,664</u>	<u>1,032</u>		<u>111,696</u>
Fund Cash Balances, December 31	<u><u>\$190,431</u></u>	<u><u>\$1,040</u></u>		<u><u>\$191,471</u></u>

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

VILLAGE OF SHAWNEE
PERRY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property Tax and Other Local Taxes	\$42,449	\$27,500	\$12,033	\$81,982
Intergovernmental Receipts	30,840	64,665	645	96,150
Charges for Services		10,174		10,174
Fines, License, and Permits	7,429	537		7,966
Earnings on Investments	1,433			1,433
Miscellaneous	30	5,677		5,707
Total Cash Receipts	<u>82,181</u>	<u>108,553</u>	<u>12,678</u>	<u>203,412</u>
Cash Disbursements				
Current:				
Security of Persons and Property	44,453	60,271		104,724
Public Health Services	389	7,434		7,823
Community Environment		646		646
Transportation	4,643	76,663		81,306
General Government	42,120	2,790		44,910
Capital Outlay			453	453
Debt Service:				
Principal			14,806	14,806
Interest			536	536
Total Cash Disbursements	<u>91,605</u>	<u>147,804</u>	<u>15,795</u>	<u>255,204</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(9,424)</u>	<u>(39,251)</u>	<u>(3,117)</u>	<u>(51,792)</u>
Other Financing Receipts and Disbursements:				
Other Financing Sources	3,306	59,036		62,342
Transfers-Out				
Total Other Financing Receipts/ (Disbursements)	<u>3,306</u>	<u>59,036</u>		<u>62,342</u>
Excess of Cash Receipts and Other Receipts Over/(Under) Other Financing Disbursements	<u>(6,118)</u>	<u>19,785</u>	<u>(3,117)</u>	<u>10,550</u>
Fund Cash Balances, January 1	<u>32,788</u>	<u>86,447</u>	<u>3,944</u>	<u>123,179</u>
Fund Cash Balances, December 31	<u>\$26,670</u>	<u>\$106,232</u>	<u>\$827</u>	<u>\$133,729</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, 2004

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	Agency	
Operating Cash Receipts				
Charges for Services	\$223,970			\$223,970
Miscellaneous		\$7		7
Total Operating Cash Receipts	223,970	7		223,977
Operating Cash Disbursements				
Personal Services	21,712			21,712
Fringe Benefits	3,836			3,836
Contractual Services	5,346			5,346
Supplies and Materials	16,461			16,461
Capital Outlay	84,425			84,425
Total Operating Cash Disbursements	131,780			131,780
Operating Income/(Loss)	92,190	7		92,197
Non-Operating Cash Receipts				
Sale of Bonds	1,146,000			1,146,000
Other Financing Sources	434,088			434,088
Other Non-Operating Receipts			\$7,399	7,399
Total Non-Operating Cash Receipts	1,580,088		7,399	1,587,487
Non-Operating Cash Disbursements				
Debt Service	1,616,541			1,616,541
Other Non-Operating Disbursements			9,485	9,485
Total Non-Operating Cash Disbursements	1,616,541		9,485	1,626,026
Net Receipts Over/(Under) Disbursements	55,737	7	(2,086)	53,658
Fund Cash Balances, January 1	54,927	1,025	2,086	58,038
Fund Cash Balances, December 31	<u>\$110,664</u>	<u>\$1,032</u>		<u>\$111,696</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, 2005 and 2004

1. Summary of Significant Accounting Policies

A. Description of the Entity

Village of Shawnee , Perry County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council and Mayor and an appointed Chief Fiscal Officer. The Village provides police and fire services, maintenance of Village streets and highways, and water and waste-water utility services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Fund Accounting

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

1. General Fund

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

VILLAGE OF SHAWNEE
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds

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

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

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

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds).

4. Enterprise Funds

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

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

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

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

VILLAGE OF SHAWNEE
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

5. Fiduciary Funds

These funds account 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 fiduciary funds.

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

Mayor's Court Fund - This 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.

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. 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 cancelled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

VILLAGE OF SHAWNEE
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

1. Summary of Significant Accounting Policies (continued)

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.

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:

	2005	2004
Demand deposits	\$ 315,431	\$ 227,873
Certificates of deposit	24,147	17,552
Total deposits	\$ 339,578	\$245,425

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

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,000	\$80,886	\$886
Special Revenue	78,800	74,782	(4,018)
Capital Projects	13,000	193,604	180,604
Enterprise	1,219,775	494,547	(725,228)
Fiduciary	8	8	
Total	\$1,391,583	\$843,827	(\$547,756)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$106,347	\$76,891	\$29,456
Special Revenue	185,032	67,958	117,074
Capital Projects	190,078	190,045	33
Enterprise	1,050,400	414,780	635,620
Fiduciary	1,040		1,040
Total	\$1,532,897	\$749,674	\$783,223

VILLAGE OF SHAWNEE
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

3. Budgetary Activity (continued)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,000	\$85,487	\$3,487
Special Revenue	94,460	167,589	73,129
Capital Projects	12,000	12,678	678
Enterprise	1,851,200	1,804,058	(47,142)
Fiduciary	10	7	(3)
Total	\$2,039,670	\$2,069,819	\$30,149

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,111	\$91,605	\$11,506
Special Revenue	221,011	147,804	73,207
Capital Projects	15,945	15,795	150
Enterprise	1,933,729	1,748,321	185,408
Fiduciary			
Total	\$2,273,796	\$2,003,525	\$270,271

4. Property Tax

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

Tangible personal property tax is assessed by the property owner, 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.

VILLAGE OF SHAWNEE
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

5. Debt

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

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

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

In 2005, the Village borrowed \$10,000 from a commercial bank with a per annum interest rate of 7.25%, to be repaid in two annual installments of principal and interest.

In 2005, the Village borrowed \$34,230 from OWDA with a per annum interest rate of 1% to be repaid in 20 annual installments.

The following are schedules of principal and interest requirements to retire obligations outstanding at December 31, 2005.

Year(s)	USDA			GMAC		
	Principal	Interest	Total	Principal	Interest	Total
2006		\$50,138	\$50,138	\$9,000	\$1,450	\$10,450
2007	\$12,000	49,636	61,636	9,000	1,000	10,000
2008	13,000	49,135	62,135	9,000	550	9,550
2009	13,000	48,634	61,634	2,000	100	2,100
2010	14,000	48,132	62,132			
2011 - 2015	80,000	223,114	303,114			
2016 -2020	99,000	200,552	299,552			
2021- 2025	120,000	175,483	295,483			
2026 - 2030	152,000	142,893	294,893			
2031 - 2035	187,000	100,276	287,276			
2036 - 2040	231,000	52,645	283,645			
2041 - 2045	225,000	40,110	265,110			
	<u>\$1,146,000</u>	<u>\$1,180,748</u>	<u>\$2,326,748</u>	<u>\$29,000</u>	<u>\$3,100</u>	<u>\$32,100</u>

VILLAGE OF SHAWNEE
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

5. Debt (continued)

Year (s)	OPWC			OWDA		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$4,225		\$4,225	\$1,712	\$340	\$2,052
2007	4,225		4,225	1,712	325	2,037
2008	4,225		4,225	1,712	308	2,020
2009	4,225		4,225	1,712	291	2,003
2010	4,225		4,225	1,712	274	1,986
2011-2015	21,125		21,125	8,560	942	9,502
2016-2020	16,900		16,900	8,560	856	9,416
2021-2025	_____	_____	_____	8,550	430	8,980
	<u>\$59,150</u>	<u>_____</u>	<u>\$59,150</u>	<u>\$34,230</u>	<u>\$3,766</u>	<u>\$37,996</u>

Year (s)	Commercial Bank		
	Principal	Interest	Total
2006	\$5,000	\$720	\$5,720
2007	5,000	362	5,362
	<u>\$10,000</u>	<u>\$1,082</u>	<u>\$11,082</u>

The following is a schedule of debt outstanding at December 31, 2005

USDA	\$1,146,000
GMAC	29,000
OPWS	59,150
OWDA	34,230
Commercial Bank	10,000
	<u>\$1,278,380</u>

6. Retirement Systems

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

VILLAGE OF SHAWNEE
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

7. Risk Management

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

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

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

8. 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.

KNOX & KNOX

Accountants and Consultants

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

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

We have audited the accompanying financial statements of the Village of Shawnee as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 23, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village of Shawnee'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 an opinion 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 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 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 internal control over financial reporting that we have reported to the management of the Village of Shawnee in a separate letter dated April 23, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Shawnee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with

Village of Shawnee
Perry County
Independent Accountants' Report on
Compliance and on Internal Control
Page 2

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 one instance of noncompliance required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2005-01.

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

Knox & Knox

Orrville, Ohio
April 23, 2007

VILLAGE OF SHAWNEE
PERRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-31064-001	Ohio Rev. Code 5705.39 Appropriations exceeded estimated resources	NO	Not corrected. Repeated as 2005-001

VILLAGE OF SHAWNEE
PERRY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004

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

FINDING NUMBER 2005-001

Noncompliance Citation

Section 5705.39 Revised Code, states that the total appropriations from each fund should not exceed the total estimated resources. No appropriation measure is to become effective until the county auditor files a certificate that the appropriations from each fund, taken together with all other outstanding appropriations, do not exceed the total official estimate or amended official certificate. Appropriations exceeded estimated resources for the following funds:

<u>Fund Type</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Special Revenue (2004)	\$180,907	\$221,011	(\$40,104)
Enterprise (2004)	\$1,906,127	\$1,933,729	(\$27,602)
Capital Projects (2005)	\$13,827	\$190,078	(\$176,251)

We recommend that the Village limit appropriations to estimated resources and file an amended certificate of estimated resources whenever there is an increase in revenue and the Council expects to appropriate and spend the increased revenue.

Officials' Response

Management will monitor appropriations more closely.



Mary Taylor, CPA
Auditor of State

VILLAGE OF SHAWNEE

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 26, 2007**