



**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Shawnee Hills
Delaware County
40 West Reindeer Drive
Shawnee Hills, Ohio 43065

To the Village Council:

We have audited the accompanying financial statements of the Village of Shawnee Hills, Delaware County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 14, 2000

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$170,624	\$8,036	\$0	\$0	\$178,660
Intergovernmental Receipts	37,440	101,145	25,574	0	164,159
Fines, Licenses, and Permits	46,199	7,723	0	0	53,922
Miscellaneous	4,046	0	0	0	4,046
Total Cash Receipts	<u>258,309</u>	<u>116,904</u>	<u>25,574</u>	<u>0</u>	<u>400,787</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	119,549	50,500	0	0	170,049
Community Environment	10,239	1,848	0	0	12,087
Transportation	0	42,023	0	0	42,023
General Government	111,854	2,263	0	0	114,117
Capital Outlay	0	0	28,933	0	28,933
Total Cash Disbursements	<u>241,642</u>	<u>96,634</u>	<u>28,933</u>	<u>0</u>	<u>367,209</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>16,667</u>	<u>20,270</u>	<u>(3,359)</u>	<u>0</u>	<u>33,578</u>
Other Financing Receipts/(Disbursements):					
Other Sources	0	0	0	53,109	53,109
Other Uses	0	0	0	(53,079)	(53,079)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>30</u>	<u>30</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	16,667	20,270	(3,359)	30	33,608
Fund Cash Balances, January 1	<u>74,033</u>	<u>37,086</u>	<u>3,405</u>	<u>15</u>	<u>114,539</u>
Fund Cash Balances, December 31	<u>\$90,700</u>	<u>\$57,356</u>	<u>\$46</u>	<u>\$45</u>	<u>\$148,147</u>
Reserves for Encumbrances, December 31	<u>\$11,246</u>	<u>\$0</u>	<u>\$3,080</u>	<u>\$0</u>	<u>\$14,326</u>

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

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$159,952	\$0	\$0	\$0	\$159,952
Special Assessments	7,858	102,992	0	0	110,850
Intergovernmental Receipts	35,755	14,299	60,661	0	110,715
Fines, Licenses, and Permits	37,714	2,730	0	0	40,444
Miscellaneous	10,641	712	0	0	11,353
Total Cash Receipts	<u>251,920</u>	<u>120,733</u>	<u>60,661</u>	<u>0</u>	<u>433,314</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	120,461	85,400	0	0	205,861
Community Environment	13,267	1,835	0	0	15,102
Transportation		50,023	0	0	50,023
General Government	75,940	2,548	0	0	78,488
Capital Outlay	0	0	61,225	0	61,225
Total Cash Disbursements	<u>209,668</u>	<u>139,806</u>	<u>61,225</u>	<u>0</u>	<u>410,699</u>
Total Cash Receipts Over/(Under) Cash Disbursement	<u>42,252</u>	<u>(19,073)</u>	<u>(564)</u>	<u>0</u>	<u>22,615</u>
Other Financing Receipts/(Disbursements):					
Other Sources	0	0	0	32,046	32,046
Other Uses	0	0	0	(32,031)	(32,031)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>15</u>	<u>15</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>42,252</u>	<u>(19,073)</u>	<u>(564)</u>	<u>15</u>	<u>22,630</u>
Fund Cash Balances, January 1	<u>31,781</u>	<u>56,159</u>	<u>3,969</u>	<u>0</u>	<u>91,909</u>
Fund Cash Balances, December 31	<u>\$74,033</u>	<u>\$37,086</u>	<u>\$3,405</u>	<u>\$15</u>	<u>\$114,539</u>
Reserves for Encumbrances, December 31	<u>\$7,271</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,271</u>

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

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Shawnee Hills, Delaware County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Village's depository balances are with Fifth Third Bank and the Delaware County Bank and Trust.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

Fire Fund - This fund receives real estate property tax and personal property tax money for providing fire protection for the Village.

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Funds

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

Sewer Fund - This fund receives Ohio Department of Development intergovernmental grant monies for the construction of a sewer system for the Village.

4. Fiduciary Funds (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - This fund receives traffic fines and court costs from Mayor's Court and distributes collections to the Village General and Special Revenue Funds and the State of Ohio.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ <u>148,147</u>	\$ <u>114,539</u>

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, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 231,363	\$ 258,309	\$ 26,946
Special Revenue	127,925	116,904	(11,021)
Capital Projects	350,000	25,574	(324,426)
Total	<u>\$ 709,288</u>	<u>\$ 400,787</u>	<u>\$ (308,501)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 291,837	\$ 252,888	\$ 38,949
Special Revenue	105,170	96,634	8,536
Capital Projects	350,000	32,013	317,987
Total	<u>\$ 747,007</u>	<u>\$ 381,535</u>	<u>\$ 365,472</u>

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 228,279	\$ 251,920	\$ 23,641
Special Revenue	128,545	120,733	(7,812)
Capital Projects	150,000	60,661	(89,339)
Total	\$ 506,824	\$ 433,314	\$ (73,510)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 254,307	\$ 216,939	\$ 37,368
Special Revenue	162,276	139,806	22,470
Capital Projects	150,000	61,225	88,775
Total	\$ 566,583	\$ 417,970	\$ 148,613

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 payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan ('94)	\$ 10,560	0%
Ohio Water Development Authority Loan ('97)	17,150	0%
Ohio Water Development Authority Loan ('98)	<u>19,200</u>	0%
Total	\$ <u>46,910</u>	

The Ohio Water Development Authority (OWDA) loans relate to the engineering and design of the sewer plant construction project. OWDA has approved the loans for the Village in the amounts of \$23,695, \$24,500, and \$24,000 respectively, all of which have been received as of December 31, 1999. The OWDA loans are paid in annual installments of \$2,640, \$2,450 and 2,400 respectively, each over 10 years. The Village has established utility rates sufficient to cover OWDA debt service requirements.

OWDA has additionally approved the Village for a loan up to \$290,000 for the engineering and design of the sewer plant construction project, of which \$228,796 had been received as of December 31, 1999. The entire balance of the loan has been deposited by OWDA with Huntington Bank, who is serving as Trustee for the funds. Payments of the loan principal are remitted to the Village from Huntington Bank on a reimbursement basis for expenditures incurred. No payments are due until the entire loan balance has been received. The amortization schedules shown below will not reflect the balance of the loan due to the exact nature and timing of the loan payment being yet undetermined.

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

Year ending December 31:	OWDA Loan ('94)	OWDA Loan ('97)	Ohio OWDA Loan ('98)
2000	\$ 2,640	\$ 2,450	\$ 2,400
2001	2,640	2,450	2,400
2002	2,640	2,450	2,400
2003	2,640	2,450	2,400
2004	0	2,450	2,400
Subsequent	<u>0</u>	<u>4,900</u>	<u>7,200</u>
Total	<u>\$ 10,560</u>	<u>\$ 17,150</u>	<u>\$ 19,200</u>

6. RETIREMENT SYSTEMS

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

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. Policemen enrolled in PERS contributed 9.0% of their gross salaries. The Village contributed an amount equal to 16.70% of participants' gross salaries. All other PERS 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, 1999.

7. RISK MANAGEMENT

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Village also provides health insurance coverage to full-time employees through a private carrier.

8. DEBT SERVICE TRUSTEED FUNDS

As disclosed in Note 5, the Ohio Water Development Authority (OWDA) has designated Huntington National Bank as trustee of the loan proceeds for the Village. Huntington National Bank serves as custodian of the monies remitting payment to the Village on a reimbursement basis for expenditures incurred. At December 31, 1999, the custodian held \$61,204 in approved Village loan monies. These assets, are not reflected in the accompanying financial statements.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Village of Shawnee Hills
Delaware County
40 West Reindeer Drive
Shawnee Hills, Ohio 43065

To the Village Council:

We have audited the accompanying financial statements of the Village of Shawnee Hills, Delaware County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 14, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 14, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

June 14, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF SHAWNEE HILLS

DELAWARE 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
AUGUST 1, 2000