



**Auditor of State
Betty Montgomery**

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Shawnee Hills
Delaware County
40 West Reindeer Drive
Shawnee Hills, OH 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 year ended December 31, 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002, 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 March 11, 2003, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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This report is intended solely for the information and use of the audit committee, management, Village Council, federal awarding agencies and pass through entities, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 11, 2003

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$224,233	\$0	\$0	\$0	\$224,233
Special Assessments	0	92,872	0	0	92,872
Intergovernmental Receipts	60,973	24,218	14,294	796,669	896,154
Charges for Services	0	0	69,640	0	69,640
Fines, Licenses, and Permits	21,465	1,570	0	0	23,035
Earnings on Investments	1,097	540	0	0	1,637
Miscellaneous	11,128	0	0	0	11,128
	<u>318,896</u>	<u>119,200</u>	<u>83,934</u>	<u>796,669</u>	<u>1,318,699</u>
Total Cash Receipts					
	<u>318,896</u>	<u>119,200</u>	<u>83,934</u>	<u>796,669</u>	<u>1,318,699</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	113,126	51,405	0	0	164,531
Community Environment	23,655	4,282	0	0	27,937
Transportation	0	132,885	0	0	132,885
General Government	256,827	0	0	0	256,827
Debt Service:					
Interest Payments	0	0	78,316	0	78,316
Capital Outlay	0	0	0	910,934	910,934
	<u>393,608</u>	<u>188,572</u>	<u>78,316</u>	<u>910,934</u>	<u>1,571,430</u>
Total Cash Disbursements					
	<u>393,608</u>	<u>188,572</u>	<u>78,316</u>	<u>910,934</u>	<u>1,571,430</u>
Total Receipts Over/(Under) Disbursements	<u>(74,712)</u>	<u>(69,372)</u>	<u>5,618</u>	<u>(114,265)</u>	<u>(252,731)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	0	0	9,661	0	9,661
	<u>0</u>	<u>0</u>	<u>9,661</u>	<u>0</u>	<u>9,661</u>
Total Other Financing Receipts/(Disbursements)					
	<u>0</u>	<u>0</u>	<u>9,661</u>	<u>0</u>	<u>9,661</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(74,712)</u>	<u>(69,372)</u>	<u>15,279</u>	<u>(114,265)</u>	<u>(243,070)</u>
Fund Cash Balances, January 1	<u>91,833</u>	<u>141,367</u>	<u>0</u>	<u>198,454</u>	<u>431,654</u>
Fund Cash Balances, December 31	<u>\$17,121</u>	<u>\$71,995</u>	<u>\$15,279</u>	<u>\$84,189</u>	<u>\$188,584</u>
Reserves for Encumbrances, December 31	<u>\$3,593</u>	<u>\$50</u>	<u>\$0</u>	<u>\$5,523</u>	<u>\$9,166</u>

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

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$92,599	\$0	\$92,599
Miscellaneous	1,541	0	1,541
Total Operating Cash Receipts	<u>94,140</u>	<u>0</u>	<u>94,140</u>
Operating Cash Disbursements:			
Personal Services	11,758	0	11,758
Contractual Services	301,375	0	301,375
Supplies and Materials	6,215	0	6,215
Total Operating Cash Disbursements	<u>319,348</u>	<u>0</u>	<u>319,348</u>
Operating (Loss)	<u>(225,208)</u>	<u>0</u>	<u>(225,208)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	250,000	0	250,000
Court Collections	0	21,418	21,418
Total Non-Operating Cash Receipts	<u>250,000</u>	<u>21,418</u>	<u>271,418</u>
Non-Operating Cash Disbursements:			
Distribution of Court Fines/Fees	0	22,009	22,009
Total Non-Operating Cash Disbursements	<u>0</u>	<u>22,009</u>	<u>22,009</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	24,792	(591)	24,201
Transfers-Out	<u>(9,661)</u>	<u>0</u>	<u>(9,661)</u>
Net Receipts Over/(Under) Disbursements	15,131	(591)	14,540
Fund Cash Balances, January 1	<u>0</u>	<u>1,973</u>	<u>1,973</u>
Fund Cash Balances, December 31	<u>\$15,131</u>	<u>\$1,382</u>	<u>\$16,513</u>
Reserve for Encumbrances, December 31	<u>\$10,831</u>	<u>\$0</u>	<u>\$10,831</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, 2002**

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 water and sewer utilities and police services. The Village contracts with Concord Township for fire protection services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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 disbursements, respectively.

The Village invests in a term repurchase agreement through the Delaware County Bank and Trust. This is reported 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 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.

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

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

3. Debt Service Fund

This fund is used to accumulate resources for the payment of the Rural Development Authority Loan.

4. Capital Projects Fund

This fund is 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's Capital Projects Sewer Construction Fund received Rural Development Authority and CDBG federal grant monies, in addition to OPWC grant monies to construct a new sewer system for Village resident use.

5. Enterprise Fund

This fund accounts 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's Enterprise Sewer Fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village's Mayor's Court Agency 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 control, 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.

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002
Demand deposits	<u>\$140,097</u>
Repurchase agreement	<u>65,000</u>
Total deposits and investments	<u><u>\$205,097</u></u>

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

Investments: The Village's agent holds securities to collateralize repurchase agreements. The securities are not in the Village's name.

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$316,086	\$318,896	\$2,810
Special Revenue	116,696	119,200	2,504
Debt Service	92,600	93,595	995
Capital Projects	904,031	796,669	(107,362)
Enterprise	364,387	344,140	(20,247)
Total	\$1,793,800	\$1,672,500	(\$121,300)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$404,512	\$397,201	\$7,311
Special Revenue	243,531	188,622	54,909
Debt Service	78,316	78,316	0
Capital Projects	1,023,815	916,457	107,358
Enterprise	350,555	339,840	10,715
Total	\$2,100,729	\$1,920,436	\$180,293

4. PROPERTY TAX

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

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of two percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Rural Income Tax Authority (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Rural Development Authority Loan	\$1,700,000	4.75%

The Rural Development Authority loan relates to the water and sewer project that was mandated by the Ohio Environmental Protection Agency to provide water and sewer service to Village residents. The loan was granted in conjunction with a grant from the Rural Development Authority and represents the Village's portion of the project. The Rural Development Authority has approved the Village for up to \$2,957,000 for the project, including the \$1,700,000 loan. The loan will be repaid in annual installments of \$95,015, including interest, over 40 years. The loan is collateralized by the Village's taxing authority. The Village has agreed to set utility rates sufficient to cover Rural Development Authority debt service requirements.

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

Year ending December 31:	Rural Development Authority Loan
2003	\$95,015
2004	95,015
2005	95,015
2006	95,015
2007	95,015
2008-2012	475,073
2013-2017	475,073
2018-2022	475,073
2023-2027	475,073
2028-2032	475,073
2033-2037	475,073
2038-2042	475,073
Total	\$3,800,586

7. RETIREMENT SYSTEMS

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

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

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Water and Waste Disposal Systems for Rural Communities		10.760	\$638,843
Total U.S. Department of Agriculture			<u>638,843</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Delaware County:</i>			
Community Development Block Grant	B-W-99-020-1	14.228	266,658
Total U.S. Department of Housing and Urban Development			<u>266,658</u>
Total			<u><u>\$905,501</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

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

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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



**Auditor of State
Betty Montgomery**

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

Village of Shawnee Hills
Delaware County
40 West Reindeer Drive
Shawnee Hills, OH 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 year ended December 31, 2002, and have issued our report thereon dated March 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 March 11, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 11, 2003.

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

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

BETTY MONTGOMERY
Auditor of State

March 11, 2003



Auditor of State Betty Montgomery

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

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

To the Village Council:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

BETTY MONTGOMERY
Auditor of State

March 11, 2003

VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**VILLAGE OF SHAWNEE HILLS
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-30621-01	Ohio Rev. Code Section 5705.41 (B), Expenditures exceeding Estimated Resources	Yes	



**Auditor of State
Betty Montgomery**

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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
MAY 8, 2003**