

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Years Ended  
December 31, 2008 and 2007

**SHIRLEY ROSKOSKI, FISCAL OFFICER**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Shawnee Hills  
40 W. Reindeer Drive  
Powell, Ohio 43065

We have reviewed the *Independent Auditor's Report* of the Village of Shawnee Hills, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2007 through December 31, 2008. 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 Auditor's 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 Auditor's 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 Hills 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

April 15, 2009

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**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report .....	1 - 2
Combined Statement of Cash Fund Balances - All Fund Types - December 31, 2008 and 2007 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For The Year Ended December 31, 2008 .....	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type For The Year Ended December 31, 2008 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual For The Year Ended December 31, 2008 .....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For The Year Ended December 31, 2007 .....	7
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type For The Year Ended December 31, 2007 .....	8
Combined Statement of Cash Receipts, Cash Disbursements and Encumbrances Compared with Expenditure Authority - Budget and Actual For The Year Ended December 31, 2007 .....	9
Notes to the Financial Statements.....	10 - 18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	19 - 20
Schedule of Findings and Responses.....	21 - 23
Schedule of Prior Audit Findings .....	24 - 26

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report**

Members of Council and Mayor  
Village of Shawnee Hills  
40 W. Reindeer Drive  
Powell, Ohio 43065

We have audited the accompanying financial statements of the Village of Shawnee Hills (the "Village"), Delaware County, Ohio, as of and for the years ended December 31, 2008 and 2007. 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 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. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Village prepared these financial statement 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 GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for December 31, 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for December 31, 2008 and 2007. While the Village does not follow GAAP, generally accepted auditing standards requires 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 has elected not to reformat its statements. Since the Village 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 two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, 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 Hills, Delaware County, Ohio, as of December 31, 2008 and 2007, or its changes in financial position or cash flows of its proprietary fund type for the years then ended.

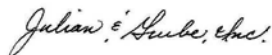
Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Shawnee Hills, Delaware County, as of and for the years ended December 31, 2008 and 2007, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the accounting basis Note 2 describes.

Independent Auditor's Report  
Village of Shawnee Hills  
Page 2

As disclosed in Note 3, the Village of Shawnee Hills has restated its Debt Service Fund Type and Enterprise Fund Type fund balances and respective cash balances at January 1, 2007 to properly record debt service cash and fund balance as Enterprise cash and fund balance.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village 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 March 13, 2009, on our consideration of the Village's internal control over financial reporting and on 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.



Julian & Grube, Inc.  
March 13, 2009



**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2008 AND 2007

<u>Cash and Cash Equivalents</u>	2008	2007
Cash and Cash Equivalents	\$ 347,929	\$ 318,767
Total Cash and Cash Equivalents	\$ 347,929	\$ 318,767
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General	\$ 95,237	\$ 13,625
Special Revenue Funds	138,301	222,414
Total Governmental Fund Types	233,538	236,039
<u>Proprietary Fund Type:</u>		
Enterprise Fund	112,034	81,365
<u>Fiduciary Fund Type:</u>		
Agency	2,357	1,363
Total Fund Balances	\$ 347,929	\$ 318,767

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 410,153	\$ 236,975	\$ 647,128
Intergovernmental	35,486	57,678	93,164
Fines, licenses, and permits	57,899	3,044	60,943
Interest	2,014	3,923	5,937
Miscellaneous	1,211	4,233	5,444
Total cash receipts	<u>506,763</u>	<u>305,853</u>	<u>812,616</u>
Cash disbursements:			
Current:			
Security of persons and property	161,518	204,596	366,114
Community environment	56,872	64	56,936
Transportation	-	137,211	137,211
General government	206,930	5,289	212,219
Capital outlay	-	35,744	35,744
Debt service:			
Principal retirement	-	4,577	4,577
Interest and fiscal charges	-	2,316	2,316
Total cash disbursements	<u>425,320</u>	<u>389,797</u>	<u>815,117</u>
Total cash receipts over/(under) cash disbursements	<u>81,443</u>	<u>(83,944)</u>	<u>(2,501)</u>
Other financing receipts/(disbursements)			
Operating transfers in	169	1,295	1,464
Operating transfers out	-	(1,464)	(1,464)
Total other financing receipts/(disbursements)	<u>169</u>	<u>(169)</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	81,612	(84,113)	(2,501)
Cash fund balances, January 1, 2008	<u>13,625</u>	<u>222,414</u>	<u>236,039</u>
Cash fund balances, December 31, 2008	<u>\$ 95,237</u>	<u>\$ 138,301</u>	<u>\$ 233,538</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE AND  
SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 263,646	\$ -	\$ 263,646
Total operating cash receipts	<u>263,646</u>	<u>-</u>	<u>263,646</u>
Operating cash disbursements:			
Personal services	15,129	-	15,129
Employee fringe benefits	2,433	-	2,433
Contractual services	116,472	-	116,472
Supplies and materials	3,656	-	3,656
Total operating cash disbursements	<u>137,690</u>	<u>-</u>	<u>137,690</u>
Operating Income/(loss)	<u>125,956</u>	<u>-</u>	<u>125,956</u>
Nonoperating cash receipts/(disbursements):			
Court collections	-	50,480	50,480
Interest	1,235	-	1,235
Distribution of court fines/fees	-	(49,486)	(49,486)
Debt service:			
Principal	(19,900)	-	(19,900)
Interest	(76,622)	-	(76,622)
Total nonoperating cash receipts/(disbursements)	<u>(95,287)</u>	<u>994</u>	<u>(94,293)</u>
Income/(loss) before operating transfers	<u>30,669</u>	<u>994</u>	<u>31,663</u>
Transfers in	9,660	-	9,660
Transfers out	(9,660)	-	(9,660)
Net Income/(loss)	30,669	994	31,663
Cash fund balances, January 1, 2008	<u>81,365</u>	<u>1,363</u>	<u>82,728</u>
Cash fund balances, December 31, 2008	<u>\$ 112,034</u>	<u>\$ 2,357</u>	<u>\$ 114,391</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 10,176	\$ 488,887	\$ 499,063	\$ 506,932	\$ 18,045	\$ 3,449	\$ 493,641	\$ 497,090	\$ 425,320	\$ 6,562	\$ 431,882	\$ 65,208
Special Revenue	221,751	300,389	522,140	307,148	6,759	663	505,836	506,499	391,261	53,862	445,123	61,376
Proprietary:												
Enterprise	<u>80,986</u>	<u>267,988</u>	<u>348,974</u>	<u>273,306</u>	<u>5,318</u>	<u>379</u>	<u>282,857</u>	<u>283,236</u>	<u>242,637</u>	<u>34,289</u>	<u>276,926</u>	<u>6,310</u>
Total												
(Memorandum Only)	<u>\$ 312,913</u>	<u>\$ 1,057,264</u>	<u>\$ 1,370,177</u>	<u>\$ 1,087,386</u>	<u>\$ 30,122</u>	<u>\$ 4,491</u>	<u>\$ 1,282,334</u>	<u>\$ 1,286,825</u>	<u>\$ 1,059,218</u>	<u>\$ 94,713</u>	<u>\$ 1,153,931</u>	<u>\$ 132,894</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 341,461	\$ 218,385	\$ 559,846
Intergovernmental	51,249	52,949	104,198
Fines, licenses, and permits	71,781	3,430	75,211
Interest	2,607	8,912	11,519
Miscellaneous	7,747	-	7,747
Total cash receipts	474,845	283,676	758,521
Cash disbursements:			
Current:			
Security of persons and property	174,970	117,383	292,353
Community environment	104,764	-	104,764
Transportation	-	55,557	55,557
General government	203,644	7,561	211,205
Debt service:			
Principal retirement	-	2,830	2,830
Interest and fiscal charges	-	4,063	4,063
Total cash disbursements	483,378	187,394	670,772
Total cash receipts over/(under) cash disbursements	(8,533)	96,282	87,749
Other financing receipts/(disbursements)			
Other uses	(12,779)	-	(12,779)
Total other financing receipts/(disbursements)	(12,779)	-	(12,779)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(21,312)	96,282	74,970
Cash fund balances, January 1, 2007 (restated)	34,937	126,132	161,069
Cash fund balances, December 31, 2007	\$ 13,625	\$ 222,414	\$ 236,039

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE AND  
SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 250,175	\$ -	\$ 250,175
Total operating cash receipts	<u>250,175</u>	<u>-</u>	<u>250,175</u>
Operating cash disbursements:			
Personal services	6,259	-	6,259
Employee fringe benefits	915	-	915
Contractual services	114,977	-	114,977
Supplies and materials	3,051	-	3,051
Total operating cash disbursements	<u>125,202</u>	<u>-</u>	<u>125,202</u>
Operating Income/(loss)	<u>124,973</u>	<u>-</u>	<u>124,973</u>
Nonoperating cash receipts/(disbursements):			
Court collections	-	58,847	58,847
Interest	1,210	-	1,210
Distribution of court fines/fees	-	(60,284)	(60,284)
Debt service:			
Principal	(19,000)	-	(19,000)
Interest	(77,525)	-	(77,525)
Total nonoperating cash receipts/(disbursements)	<u>(95,315)</u>	<u>(1,437)</u>	<u>(96,752)</u>
Income/(loss) before operating transfers	<u>29,658</u>	<u>(1,437)</u>	<u>28,221</u>
Transfers in	9,660	-	9,660
Transfers out	(9,660)	-	(9,660)
Net Income/(loss)	29,658	(1,437)	28,221
Cash fund balances, January 1, 2007 (restated)	<u>51,707</u>	<u>2,800</u>	<u>54,507</u>
Cash fund balances, December 31, 2007	<u>\$ 81,365</u>	<u>\$ 1,363</u>	<u>\$ 82,728</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2007 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2007 Appropriations	Total	Actual 2007 Disbursements	Encumbrances Outstanding at 12/31/07	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 34,937	\$ 472,088	\$ 507,025	\$ 474,845	\$ 2,757	\$ -	\$ 585,958	\$ 585,958	\$ 496,157	\$ 3,449	\$ 499,606	\$ 86,352
Special Revenue	126,132	269,730	395,862	283,676	13,946	-	323,279	323,279	187,394	663	188,057	135,222
Proprietary:												
Enterprise	<u>51,707</u>	<u>264,132</u>	<u>315,839</u>	<u>261,045</u>	<u>(3,087)</u>	<u>-</u>	<u>264,681</u>	<u>264,681</u>	<u>230,177</u>	<u>379</u>	<u>230,556</u>	<u>34,125</u>
Total (Memorandum Only)	<u>\$ 212,776</u>	<u>\$ 1,005,950</u>	<u>\$ 1,218,726</u>	<u>\$ 1,019,566</u>	<u>\$ 13,616</u>	<u>\$ -</u>	<u>\$ 1,173,918</u>	<u>\$ 1,173,918</u>	<u>\$ 913,728</u>	<u>\$ 4,491</u>	<u>\$ 918,219</u>	<u>\$ 255,699</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 1 - 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 sewer utility 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the Village's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

Governmental Fund Types

*General Fund* - The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

The Village had the following significant special revenue funds:

*Street Construction, Maintenance & 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. This service is contracted out to Concord Township.

Proprietary Fund Type

*Enterprise Funds* - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Village is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.



**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The Village had the following Enterprise Funds:

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

*Enterprise Debt Service* - This fund is used to accumulate resources for the payment of the Sanitary Sewer System Mortgage Revenue Bond's promissory note.

Fiduciary Funds (Trust and Agency)

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's only fiduciary fund is an agency fund. The Village had the following significant fiduciary fund:

*Mayor's Court (Agency)* - This fund receives monies from collections of fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization and general Village operations.

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting 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. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated, except for Agency Funds. The primary level of budgetary control is at the object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates. The Delaware County Commissioner waived this requirement for 2008 and 2007.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$7,172 and \$12,729 for the years ended December 31, 2008 and 2007, respectively.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the Village’s funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Village.

**F. 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 basis of accounting used by the Village.

**G. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village’s cash basis method of accounting.

**H. INTERFUND TRANSACTIONS**

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Residual equity transfers are nonrecurring or non-routine transfers of equity between funds.

**I. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 3 - PRIOR PERIOD ADJUSTMENT**

The Village is restating its Debt Service Fund Type fund and Enterprise Fund Type fund balances and respective cash balances at January 1, 2007. The prior period adjustment is due to Enterprise Debt Service Funds previously being recorded as Debt Service Funds. Current year presentation includes these amounts in the Enterprise Fund Type fund balances and cash balances. The prior period adjustment had the following effects on the Village’s fund balances and cash balances:

	<u>Enterprise Cash and Fund Balance</u>	<u>Debt Service Cash and Fund Balance</u>
Balance 12/31/06	\$ 18,394	\$ 33,313
Prior Period Adjustment	<u>33,313</u>	<u>(33,313)</u>
Restated Balances 01/01/07	<u>\$ 51,707</u>	<u>\$ -</u>

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 4 - CASH AND CASH EQUIVALENTS**

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 cash equivalents at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Deposits:		
Demand deposits	<u>\$ 347,929</u>	<u>\$ 318,767</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.

**NOTE 5 - COMPLIANCE**

- i.* The Village did not certify expenditures in a timely manner for the year ended December 31, 2007 in noncompliance with Ohio Revised Code Section 5705.41(D).
- ii.* The Village had appropriations in excess of estimated resources for the year ended December 31, 2007 in noncompliance with Ohio Revised Code Sections 5705.36 and 5705.39.

**NOTE 6 - INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the Village's operating transfers for 2008 and 2007:

<u>2008</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	<u>\$ 169</u>	<u>\$ -</u>
<u>Special Revenue Funds:</u>		
Street Construction, Maintenance, & Repair	1,295	-
FEMA Fund	<u>-</u>	<u>1,464</u>
Total Special Revenue Funds	<u>1,295</u>	<u>1,464</u>
<u>Enterprise Funds:</u>		
Enterprise Debt Service	-	9,660
Enterprise Reserve	<u>9,660</u>	<u>-</u>
Total Enterprise Funds	<u>9,660</u>	<u>9,660</u>
Total	<u>\$ 11,124</u>	<u>\$ 11,124</u>
 <u>2007</u>		
<u>Enterprise Funds:</u>		
Enterprise Debt Service	\$ -	\$ 9,660
Enterprise Reserve	<u>9,660</u>	<u>-</u>
Total	<u>\$ 9,660</u>	<u>\$ 9,660</u>

The Village transfers in 2008 were from the FEMA Fund to pay back the general Fund and Street Construction Maintenance and Repair Fund which is where the payments originated.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 6 - INTERFUND TRANSACTIONS - (Continued)**

Transfers are intended to permanently reallocate money from one fund to another as authorized in the Ohio Revised Code Sections 5705.14 to 5705.16.

All transfers made in 2008 and 2007 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 7 - PROPERTY TAX**

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

Tangible personal property tax revenues received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, was 18.75% for 2006. This percentage was reduced to 12.5% for 2007, and will be 6.25% for 2008, and zero for 2009. 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out. 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.

**NOTE 8 - 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 the Village.

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

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 9 - DEBT OBLIGATIONS**

At December 31, 2008 and 2007, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/08</u>	<u>Balance at 12/31/07</u>
2001 United States Department of Agriculture (USDA) Rural Development, Sanitary Sewer System Mortgage Revenue Bonds, due in annual installments of varying amounts through 2041, bearing interest at 4.75%.	\$ 1,593,200	\$ 1,613,100
2004 note for the purchase of a 2005 Dodge Ram truck. The loan will be paid in monthly installments for 6 years at \$574 per month.	<u>11,226</u>	<u>15,803</u>
Total	<u>\$ 1,604,426</u>	<u>\$ 1,628,903</u>

Transactions for the years ended December 31, 2008 and 2007 are summarized as follows:

<u>2008</u>	<u>Balance at 01/01/08</u>	<u>Proceeds</u>	<u>Principal Retirement</u>	<u>Balance at 12/31/08</u>
2001 USDA	\$ 1,613,100	\$ -	\$ (19,900)	\$ 1,593,200
2004 Note	<u>15,803</u>	<u>-</u>	<u>(4,577)</u>	<u>11,226</u>
Total	<u>\$ 1,628,903</u>	<u>\$ -</u>	<u>\$ (24,477)</u>	<u>\$ 1,604,426</u>
<u>2007</u>	<u>Balance at 01/01/07</u>	<u>Proceeds</u>	<u>Principal Retirement</u>	<u>Balance at 12/31/07</u>
2001 USDA	\$ 1,632,100	\$ -	\$ (19,000)	\$ 1,613,100
2004 Note	<u>18,633</u>	<u>-</u>	<u>(2,830)</u>	<u>15,803</u>
Total	<u>\$ 1,650,733</u>	<u>\$ -</u>	<u>\$ (21,830)</u>	<u>\$ 1,628,903</u>

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 9 - DEBT OBLIGATIONS - (Continued)**

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2008 are as follows:

Year Ending December 31,	USDA BONDS		2004 Truck Note	
	Principal	Interest	Principal	Interest
2009	\$ 20,900	\$ 75,639	\$ 5,409	\$ 1,484
2010	21,900	74,698	5,817	509
2011	22,900	73,712	-	-
2012	24,000	72,677	-	-
2013	25,100	71,593	-	-
2014 - 2018	144,800	339,763	-	-
2019 - 2023	182,600	303,571	-	-
2024 - 2028	230,200	257,697	-	-
2029 - 2033	290,400	199,554	-	-
2034 - 2038	366,200	125,857	-	-
2039 - 2041	264,200	34,545	-	-
Total	<u>\$ 1,593,200</u>	<u>\$ 1,629,306</u>	<u>\$ 11,226</u>	<u>\$ 1,993</u>

**NOTE 10 - DEBT COVENANT**

The Village's USDA mortgage revenue bond debt covenant requires the Village to (1) maintain a Sanitary Sewer System Mortgage Revenue Bond and Interest Sinking Fund. These funds are to be established for, and pledged to, the payment of principal and interest on the Bonds, a sum equal to at least one-twelfth of the amount of interest due on the next ensuing interest payment date with respect to all bonds outstanding plus the amount necessary to provide for payment of the next ensuing principal maturity of all bonds outstanding, and (2) establish a reserve fund whereby the sum of \$805.03 each month must be deposited until there is accumulated in such fund the sum of \$96,603, the minimum reserve.

For the years ended December 31, 2008 and 2007 the Village maintained a separate "Reserve Fund" and a "Sinking Fund" in compliance with the USDA mortgage revenue bond debt covenants. The Village enterprise debt service fund receives a portion of the sewer receipts that is specified by Village ordinance to be allocated to the "Sinking Fund" for the annual principal and interest due to be paid. Monies are also maintained in this fund for the required monthly payments of \$805.03 which are subsequently transferred to the "Reserve Fund". The years ended December 31, 2008 and 2007 were properly funded; however, the Village is required by the debt covenant to have \$77,280 in the "Reserve Fund" at December 31, 2008. At December 31, 2008 the Village had \$54,773.

**NOTE 11 - RETIREMENT SYSTEMS**

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

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 11 - RETIREMENT SYSTEMS - (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages for police officers. OPERS members contributed 10.0% and 9.5% for 2008 and 2007, respectively, of their gross salaries. The Village contributed an amount equal to 14.0% and 13.85%, respectively, of participants' gross salaries for 2008 and 2007. The Village has paid all required contributions as of December 31, 2008 and 2007.

**NOTE 12 - 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.

**NOTE 13 - CONTINGENT LIABILITIES**

The Village is currently involved in litigation that the outcome is unknown at this time.





**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor  
Village of Shawnee Hills  
40 W. Reindeer Drive  
Powell, Ohio 43065

We have audited the financial statements of the Village of Shawnee Hills, Delaware County, Ohio, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 13, 2009, wherein we noted the Village of Shawnee Hills followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. As disclosed in Note 3, the Village of Shawnee Hills has restated its Debt Service and Enterprise cash balances and respective fund balances at January 1, 2007 to properly record Debt Service cash and fund balances as Enterprise cash and fund balances. 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 audit, we considered the Village of Shawnee Hills' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Shawnee Hills' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Shawnee Hills' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Shawnee Hills' ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village of Shawnee Hills' financial statements that is more than inconsequential will not be prevented or detected by the Village of Shawnee Hills' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Shawnee Hills' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members of Council and Mayor  
Village of Shawnee Hills

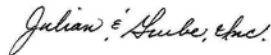
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Shawnee Hills' 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 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 four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2008-VOSH-001, 2008-VOSH-002, 2008-VOSH-003 and 2008-VOSH-004.

We also noted certain matters that we reported to the Village of Shawnee Hills management in a separate letter dated March 13, 2009.

The Village of Shawnee Hills' responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village of Shawnee Hills' responses and, accordingly, we express no opinion on them.

This report is intended for the information of the Council and management of the Village of Shawnee Hills, and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.  
March 13, 2009

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008 AND 2007**

<b>1. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
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Finding Number	2008-VOSH-001
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The Village’s USDA mortgage revenue bond debt covenant requires the Village to (1) maintain a Sanitary Sewer System Mortgage Revenue Bond and Interest Sinking Fund. These funds are to be established for, and pledged to, the payment of principal and interest on the Bonds, a sum equal to at least one-twelfth of the amount of interest due on the next ensuing interest payment date with respect to all bonds outstanding plus the amount necessary to provide for payment of the next ensuing principal maturity of all bonds outstanding, and (2) establish a reserve fund whereby the sum of \$805.03 each month must be deposited until there is accumulated in such fund the sum of \$96,603, the minimum reserve

For the years ended December 31, 2008 and 2007, the Village maintained a separate “Reserve Fund” and a “Sinking Fund” in compliance with the USDA mortgage revenue bond debt covenants. The Village debt service fund receives a portion of the sewer receipts that is specified by Village ordinance to be allocated to fund the annual principal and interest. Monies are also maintained in this fund for the monthly payments of \$805.03 required to be placed in the “Reserve Fund”. The years ended December 31, 2008 and 2007 were properly funded; however, the Village is required by covenant to have \$77,280 in the “Reserve Fund” at December 31, 2008. At December 31, 2008, the Village had \$54,773. The Village did maintain two separate checking accounts for reserve and debt funds, however the amounts maintained were not in accordance with the debt covenant.

We recommend the Village comply with all debt covenants contained in the debt agreement.

Client Response: The Fiscal Officer is attempting to transfer the deficient amount of funds required to be accumulated at December 31, 2008 in accordance with the debt covenants, as funds become available.

Finding Number	2008-VOSH-002
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

Of the Villages 2007 expenditures tested, 20% maintained an invoice which was dated prior to the Fiscal Officers certificate, thus causing those expenditures not to be certified in a timely manner for the year ended December 31, 2007.

Without timely certification, the Village may expend more funds than available in the treasury, or in the process of collection or than funds appropriated by the Village Council, which could potentially lead to negative fund balances. In addition, the Village may make unnecessary purchases.

We recommend that the Village Fiscal Officer timely certify its disbursements, to lessen the risk that monies expended are not lawfully appropriated and available in the treasury or in the process of collection. The Village should issue approved purchase orders and consider using blanket and super blanket purchase orders and/or “Then” and “Now” certificates where applicable.

Client Response: The Village Fiscal Officer now issues clerk certificates for Village expenditures prior to ordering of item or service performed.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008 AND 2007**

<b>1. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2008-VOSH-003

Ohio Revised Code Section 5705.36 in part requires that the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

The Village had appropriations exceeding estimated resources and thus did not request timely amended certificates throughout the year and at fiscal year end December 31, 2007.

With appropriations exceeding estimated resources the Village is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend that the Village comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the Village should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the Village should monitor its budgetary process on a regular basis.

*Client Response:* The Fiscal Officer will attempt to prepare modifications to amended certificates throughout the year and certify them to the County Auditor.

Finding Number	2008-VOSH-004
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Ohio Revised Code Section 5705.39 requires that no subdivision is to appropriate more monies then estimated resources.

The Village had appropriations exceeding estimated resources at December 31, 2007 and throughout the year in the following instances:

<u>December 31, 2007</u>	<u>Appropriations</u>	<u>Resources</u>	<u>Excess</u>
<u>Fund Type</u>			
General Fund	\$ 585,958	\$ 507,025	\$ 78,933
<u>June 30, 2007</u>	<u>Appropriations</u>	<u>Resources</u>	<u>Excess</u>
<u>Fund Type</u>			
General Fund	\$ 547,943	\$ 526,706	\$ 21,237

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008 AND 2007**

<b>1. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2008-VOSH-004 - (Continued)

We recommend that the Village Fiscal Officer comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

*Client Response:* The Fiscal Officer is attempting to monitor its budget more closely and to submit additional amendments for estimated resources or reduce its appropriations as necessary.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2006-VOSH-001	Failure to maintain the required covenant amount in the "Reserve Fund".	Not Corrected	Repeated as finding 2008-VOSH-001.
2006-VOSH-002	The Village's accounting and information system should be designed to provide management with accurate and timely financial information to enable well-informed business decision to be made. For the years ended December 31, 2006 and 2005, the system lacked fiscal oversight and approvals and failed to meet above expectation.	Yes	N/A
2006-VOSH-003	Failure to maintain a proper storage and retention process.	Yes	N/A
2006-VOSH-004	Timesheets were not consistently signed by the employee and/or approved by their immediate supervisor prior to the processing for payment.	Yes	N/A
2006-VOSH-005	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	Not Corrected	Repeated as finding 2008-VOSH-002.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2006-VOSH-006	Ohio Revised Code Section 145.01 and 145.03 define what a public employee is and what exemptions are available to a public employee not to participate in the Ohio Public Employees Retirement System (OPERS). For the years ended December 31, 2006 and 2005, the Village failed to enroll three employees who did not meet above exemption requirements.	Yes	N/A
2006-VOSH-007	Ohio Revised Code Section 742.35 states each employer shall pay the employer portion of the Ohio Police and Fire Pension no later than sixty days after the quarter has ended. If the payment is received after this date, a penalty shall be assessed in accordance with Ohio Revised Code Section 742.352. The Village was in violation of the above for the 2005 second quarter report.	Yes	N/A
2006-VOSH-008	Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.	Yes	N/A
2006-VOSH-009	Ohio Revised Code Section 5705.39 requires that no subdivision is to appropriate more monies than estimated resources.	Not Corrected	Repeated as finding 2008-VOSH-004.
2006-VOSH-010	The Village did not approve permanent appropriations for the year ended December 31, 2005 in noncompliance with Ohio Revised Code Section 5705.38.	Yes	N/A

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2006-VOSH-011	An appropriation ledger was not maintained throughout the years ended December 31, 2006 or 2005.	Yes	N/A
2006-VOSH-012	The Village has not established procedures to determine whether the service organization, that provides their meter reading and billing functions of the Village's sewer system, has sufficient controls in place and which are operating effectively to reduce the risk the meters are read properly or billing has been properly processed.	Yes	N/A





Mary Taylor, CPA  
Auditor of State

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 7, 2009