



**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2018-2017**



**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY  
DECEMBER 31, 2018 AND 2017**

**TABLE OF CONTENTS**

| <b>TITLE</b>   | <b>PAGE</b> |
|--|-------------|
| Independent Auditor's Report .....   | 1           |
| Prepared by Management:  |             |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances<br>(Cash Basis) - All Governmental Fund Types FYE 12/31/2018 .....                             | 3           |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances<br>(Cash Basis) - All Proprietary and Fiduciary Fund Types FYE 12/31/2018 .....                | 4           |
| Notes to the Financial Statements FYE 12/31/2018 .....   | 5           |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances<br>(Cash Basis) - All Governmental Fund Types FYE 12/31/2017 .....                             | 14          |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances<br>(Cash Basis) - All Proprietary and Fiduciary Fund Types FYE 12/31/2017 .....                | 15          |
| Notes to the Financial Statements FYE 12/31/2017 .....   | 16          |
| Independent Auditor's Report on Internal Control Over Financial<br>Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 25          |
| Schedule of Findings .....   | 27          |
| Summary Schedule of Prior Audit Findings (Prepared by Management) .....  | 29          |

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# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S REPORT

Village of Shawnee Hills  
Delaware County  
9484 Dublin Road  
Shawnee Hills, Ohio 43065

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Shawnee Hills, Delaware County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Shawnee Hills, Delaware County, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2019, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

April 26, 2019

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|  | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|--|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                  |                    |                     |                                |
| Property and Other Local Taxes                       | \$86,489         | \$287,605          | \$0                 | \$374,094                      |
| Municipal Income Tax                                 | 568,132          | 0                  | 0                   | 568,132                        |
| Intergovernmental                                    | 36,690           | 65,985             | 25,000              | 127,675                        |
| Charges for Services                                 | 4,081            | 0                  | 0                   | 4,081                          |
| Fines, Licenses and Permits                          | 60,506           | 2,816              | 0                   | 63,322                         |
| Earnings on Investments                              | 2,923            | 2,079              | 0                   | 5,002                          |
| Miscellaneous  | 15,019           | 780                | 0                   | 15,799                         |
| <i>Total Cash Receipts</i>                           | <u>773,840</u>   | <u>359,265</u>     | <u>25,000</u>       | <u>1,158,105</u>               |
| <b>Cash Disbursements</b>                            |                  |                    |                     |                                |
| Current:   |                  |                    |                     |                                |
| Security of Persons and Property                     | 399,046          | 146,666            | 0                   | 545,712                        |
| Leisure Time Activities                              | 0                | 1,200              | 0                   | 1,200                          |
| Community Environment                                | 96,205           | 0                  | 0                   | 96,205                         |
| Transportation                                       | 0                | 44,125             | 0                   | 44,125                         |
| General Government                                   | 274,042          | 9,320              | 0                   | 283,362                        |
| Capital Outlay                                       | 14,656           | 27,763             | 0                   | 42,419                         |
| Debt Service:  |                  |                    |                     |                                |
| Principal Retirement                                 | 27,479           | 7,413              | 25,000              | 59,892                         |
| Interest and Fiscal Charges                          | 17,373           | 321                | 0                   | 17,694                         |
| <i>Total Cash Disbursements</i>                      | <u>828,801</u>   | <u>236,808</u>     | <u>25,000</u>       | <u>1,090,609</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(54,961)</u>  | <u>122,457</u>     | <u>0</u>            | <u>67,496</u>                  |
| <b>Other Financing Receipts</b>                      |                  |                    |                     |                                |
| Other Financing Sources                              | 0                | 35                 | 0                   | 35                             |
| <i>Total Other Financing Receipts</i>                | <u>0</u>         | <u>35</u>          | <u>0</u>            | <u>35</u>                      |
| <i>Net Change in Fund Cash Balances</i>              | <u>(54,961)</u>  | <u>122,492</u>     | <u>0</u>            | <u>67,531</u>                  |
| <i>Fund Cash Balances, January 1</i>                 | <u>203,077</u>   | <u>134,279</u>     | <u>0</u>            | <u>337,356</u>                 |
| <b>Fund Cash Balances, December 31</b>               |                  |                    |                     |                                |
| Restricted   | 0                | 249,808            | 0                   | 249,808                        |
| Committed  | 0                | 6,963              | 0                   | 6,963                          |
| Assigned   | 85,134           | 0                  | 0                   | 85,134                         |
| Unassigned   | 62,982           | 0                  | 0                   | 62,982                         |
| <i>Fund Cash Balances, December 31</i>               | <u>\$148,116</u> | <u>\$256,771</u>   | <u>\$0</u>          | <u>\$404,887</u>               |

See accompanying notes to the basic financial statements

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|   | Proprietary<br>Fund Types | Fiduciary<br>Fund Types | Totals               |
|---|---------------------------|-------------------------|----------------------|
|   | Enterprise                | Agency                  | (Memorandum<br>Only) |
| <b>Operating Cash Receipts</b>                      |                           |                         |                      |
| Charges for Services                                | \$308,915                 | \$0                     | \$308,915            |
| Fines, Licenses and Permits                         | 0                         | 40,030                  | 40,030               |
| <i>Total Operating Cash Receipts</i>                | <u>308,915</u>            | <u>40,030</u>           | <u>348,945</u>       |
| <b>Operating Cash Disbursements</b>                 |                           |                         |                      |
| Personal Services                                   | 23,398                    | 0                       | 23,398               |
| Employee Fringe Benefits                            | 4,392                     | 0                       | 4,392                |
| Contractual Services                                | 169,259                   | 0                       | 169,259              |
| Supplies and Materials                              | 22,208                    | 0                       | 22,208               |
| Other   | 0                         | 40,030                  | 40,030               |
| <i>Total Operating Cash Disbursements</i>           | <u>219,257</u>            | <u>40,030</u>           | <u>259,287</u>       |
| <i>Operating Income (Loss)</i>                      | <u>89,658</u>             | <u>0</u>                | <u>89,658</u>        |
| <b>Non-Operating Receipts (Disbursements)</b>       |                           |                         |                      |
| Earnings on Investments (proprietary funds only)    | 1,318                     | 0                       | 1,318                |
| Principal Retirement                                | (35,282)                  | 0                       | (35,282)             |
| Interest and Other Fiscal Charges                   | (46,465)                  | 0                       | (46,465)             |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(80,429)</u>           | <u>0</u>                | <u>(80,429)</u>      |
| <i>Net Change in Fund Cash Balances</i>             | 9,229                     | 0                       | 9,229                |
| <i>Fund Cash Balances, January 1</i>                | <u>382,015</u>            | <u>0</u>                | <u>382,015</u>       |
| <i>Fund Cash Balances, December 31</i>              | <u>\$391,244</u>          | <u>\$0</u>              | <u>\$391,244</u>     |

See accompanying notes to the basic financial statements



**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shawnee Hills, Delaware County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, general government services, park operations, and police services. The Village contracts with Concord Township to receive fire protection services.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Public Entities Pool of Ohio (PEP) – A public entity risk pool that jointly administered self-insurance risk management program and other administrative services to Ohio governments.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits**

The Village's accounting basis includes deposits as assets.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 Levy Fund – This fund receives real estate property tax money for providing fire protection for the Village. This service is contracted out to Concord Township.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Other Capital Projects Fund- Intersection – This fund receives monies to assist in the Dublin Rd/ Glick Rd. intersection project

**4. Enterprise Funds**

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

Sewer Funds - This fund receives charges for services from residents to cover sewer service costs.

Enterprise Debt Service Fund – This fund is used to accumulate resources for the payment of the Sanitary Sewer System bonds.

**5. Fiduciary Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for monies from collections of fines imposed from tickets issued by the Village's police force.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**3. Encumbrances**

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

A summary of 2018 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

|                 |                  |
|-----------------|------------------|
|                 | <u>2018</u>      |
| Demand Deposits | <u>\$796,131</u> |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the year ending December 31, 2018

| 2018 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$778,087            | \$773,840          | (\$4,247) |
| Special Revenue                   | 335,265              | 359,300            | 24,035    |
| Capital Projects                  | 25,000               | 25,000             | 0         |
| Enterprise                        | 287,506              | 310,233            | 22,727    |
| Total                             | \$1,425,858          | \$1,468,373        | \$42,515  |

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$907,632                  | \$836,653                 | \$70,979  |
| Special Revenue                                       | 434,946                    | 237,486                   | 197,460   |
| Capital Projects                                      | 25,000                     | 25,000                    | 0         |
| Enterprise  | 401,999                    | 301,477                   | 100,522   |
| Total   | \$1,769,577                | \$1,400,616               | \$368,961 |

**4. Property Tax**

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

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 Regional Income Tax Agency (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, 2018  
(Continued)**

**6. Debt**

Debt outstanding at December 31, 2018 was as follows:

|                                    |                    |       |
|------------------------------------|--------------------|-------|
| Lease- 2019 Ford F350              | \$17,032           | 3.49% |
| Lease- 2017 Ford Interceptor       | 18,356             | 3.79% |
| Lease- 2016 Ford Explorer          | 8,696              | 3.59% |
| Lease- 2018 Dodge Journey          | 11,712             | 5.79% |
| Ohio Public Works Commission 2011  | 46,585             | 0.00% |
| Ohio Public Works Commission 2012  | 1,617              | 0.00% |
| Ohio Public Works Commission 2016  | 187,500            | 0.00% |
| 2016 Sanitary Sewer Refunding Bond | 1,219,175          | 3.71% |
| 2012 Various Purpose Bonds         | 414,665            | 3.66% |
| Total                              | <u>\$1,925,338</u> |       |

In 2011, the Village entered into an agreement with the Director of the Ohio Public Works Commission for the Storm Water Improvement project.

In 2012, the Village entered into an agreement with the Director of the Ohio Public Works Commission for the Overlay and Berming Road Improvements project.

In 2001, the Village entered into an agreement with the United States Department of Agriculture (USDA) Rural Development for a Sanitary Sewer System. This was refinanced in August 2016 by the Village receiving Sanitary Sewer Refunding Bonds from Delaware County. The Refunding Bond has an interest rate of 3.71% with the last payment due on August 24, 2041.

In 2012, the Village received various purpose bonds for paying for part of the cost of acquiring a building and constructing renovations on building for municipal office use.

In March 2015, the Village entered into a five-year lease agreement for a 2016 Ford Explorer in the amount of \$32,562. The lease has an interest rate of 3.59% with the last payment due on March 15, 2020.

In September 2015, the Village entered into a 34 month lease agreement for a 2016 Ford F-350 Truck XL Regular Cab with Salt Spreader and Snow Plow in the amount of \$19,873. The lease has an interest rate of 3.49% with the last payment due on September 1, 2018.

In September 2016, the Village entered into a 60 month lease agreement for a 2017 Ford Interceptor Police Cruiser in the amount of \$32,012. The lease has an interest rate of 3.79% with the last payment due on September 15, 2021.

In January 2016, the Village entered into an agreement with the director of the Ohio Public Works commission for the Dublin Rd./Glick Rd. intersection project in the amount of \$250,000. The loan has a 10 year term with the first payment due July 1, 2016 and the last payment due on January 20, 2026.

In July 2018, the Village entered into a 72 month lease agreement for a 2018 Dodge Journey in the amount of \$12,443.50. This lease has an interest rate of 5.79% with the last payment due July 3, 2024.

In August 2018, the Village entered into a 36 month lease agreement for a 2019 Ford F350 truck with snowplow in the amount of \$18,984.00. This lease has an interest rate of 3.49% with the last payment due on August 1, 2021.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**6. Debt (Continued)**

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

| Year ending<br>December 31: | Capital<br>Leases | OPWC<br>2011    | OPWC<br>2012   | OPWC<br>2016     | Sanitary<br>Sewer  | Various<br>Purpose<br>Bonds |
|-----------------------------|-------------------|-----------------|----------------|------------------|--------------------|-----------------------------|
| 2019                        | \$23,527          | \$2,025         | \$1,078        | \$25,000         | \$79,722           | \$29,573                    |
| 2020                        | 18,184            | 2,025           | 539            | 25,000           | 79,722             | 29,573                      |
| 2021                        | 12,342            | 2,025           |                | 25,000           | 79,722             | 29,573                      |
| 2022                        | 2,460             | 2,025           |                | 25,000           | 79,472             | 29,573                      |
| 2023                        | 2,460             | 2,025           |                | 25,000           | 79,472             | 30,227                      |
| 2024-2028                   | 1,435             | 10,128          |                | 62,500           | 399,097            | 151,640                     |
| 2029-2033                   |                   | 10,128          |                |                  | 403,053            | 143,262                     |
| 2034-2038                   |                   | 10,128          |                |                  | 406,637            | 101,822                     |
| 2039-2043                   |                   | 6,076           |                |                  | 245,382            | 81,875                      |
| Total                       | <u>\$60,408</u>   | <u>\$46,585</u> | <u>\$1,617</u> | <u>\$187,500</u> | <u>\$1,852,279</u> | <u>\$627,118</u>            |

**7. Retirement Systems**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1, 2018 through December 31, 2018, OP&F participants contributed 12.25%. For 2018, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2018, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**8. Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was zero (0%) percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was four (4%) percent during calendar year 2018. OP&F contributes one-half (0.5%) percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**9. Risk Management**

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017 (latest information available), PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (latest information available).

|              | <u>2017</u>  |
|--------------|--------------|
| Assets       | \$44,452,326 |
| Liabilities  | (13,004,011) |
| Net Position | \$31,448,315 |

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Village's share of these unpaid claims collectible in future years is approximately \$13,000.



VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)

**9. Risk Management (Continued)**

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

|   |
|---|
| <b><u>2018 Contributions to PEP</u></b><br>\$19,974 |
|---|

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**10. Subsequent Events**

There are none at this time.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|--|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                  |                    |                     |                                |
| Property and Other Local Taxes                       | \$73,746         | \$265,190          | \$0                 | \$338,936                      |
| Municipal Income Tax                                 | 579,613          | 0                  | 0                   | 579,613                        |
| Intergovernmental                                    | 35,168           | 66,351             | 25,000              | 126,519                        |
| Charges for Services                                 | 2,048            | 0                  | 0                   | 2,048                          |
| Fines, Licenses and Permits                          | 71,126           | 3,480              | 0                   | 74,606                         |
| Earnings on Investments                              | 1,862            | 817                | 0                   | 2,679                          |
| Miscellaneous  | 11,180           | 3,150              | 0                   | 14,330                         |
| <i>Total Cash Receipts</i>                           | <u>774,743</u>   | <u>338,988</u>     | <u>25,000</u>       | <u>1,138,731</u>               |
| <b>Cash Disbursements</b>                            |                  |                    |                     |                                |
| Current:   |                  |                    |                     |                                |
| Security of Persons and Property                     | 338,140          | 242,654            | 0                   | 580,794                        |
| Leisure Time Activities                              | 0                | 1,686              | 0                   | 1,686                          |
| Community Environment                                | 127,648          | 0                  | 0                   | 127,648                        |
| Transportation                                       | 0                | 33,506             | 0                   | 33,506                         |
| General Government                                   | 308,641          | 7,507              | 0                   | 316,148                        |
| Capital Outlay                                       | 0                | 168,832            | 0                   | 168,832                        |
| Debt Service:  |                  |                    |                     |                                |
| Principal Retirement                                 | 27,560           | 8,774              | 25,000              | 61,334                         |
| Interest and Fiscal Charges                          | 13,452           | 342                | 0                   | 13,794                         |
| <i>Total Cash Disbursements</i>                      | <u>815,441</u>   | <u>463,301</u>     | <u>25,000</u>       | <u>1,303,742</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(40,698)</u>  | <u>(124,313)</u>   | <u>0</u>            | <u>(165,011)</u>               |
| <b>Other Financing Receipts</b>                      |                  |                    |                     |                                |
| Other Financing Sources                              | 0                | 35                 | 0                   | 35                             |
| <i>Total Other Financing Receipts</i>                | <u>0</u>         | <u>35</u>          | <u>0</u>            | <u>35</u>                      |
| <i>Net Change in Fund Cash Balances</i>              | <u>(40,698)</u>  | <u>(124,278)</u>   | <u>0</u>            | <u>(164,976)</u>               |
| <i>Fund Cash Balances, January 1</i>                 | <u>243,775</u>   | <u>258,557</u>     | <u>0</u>            | <u>502,332</u>                 |
| <b>Fund Cash Balances, December 31</b>               |                  |                    |                     |                                |
| Restricted   | 0                | 125,667            | 0                   | 125,667                        |
| Committed  | 0                | 8,612              | 0                   | 8,612                          |
| Assigned   | 136,644          | 0                  | 0                   | 136,644                        |
| Unassigned   | 66,433           | 0                  | 0                   | 66,433                         |
| <i>Fund Cash Balances, December 31</i>               | <u>\$203,077</u> | <u>\$134,279</u>   | <u>\$0</u>          | <u>\$337,356</u>               |

See accompanying notes to the basic financial statements

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | Proprietary<br>Fund Types | Fiduciary<br>Fund Types | Totals                  |
|---|---------------------------|-------------------------|-------------------------|
|   | Enterprise                | Agency                  | (Memorandum<br>Only)    |
| <b>Operating Cash Receipts</b>                      |                           |                         |                         |
| Charges for Services                                | \$296,573                 | \$0                     | \$296,573               |
| Fines, Licenses and Permits                         | 0                         | 57,015                  | 57,015                  |
| <i>Total Operating Cash Receipts</i>                | <u>296,573</u>            | <u>57,015</u>           | <u>353,588</u>          |
| <b>Operating Cash Disbursements</b>                 |                           |                         |                         |
| Personal Services                                   | 24,141                    | 0                       | 24,141                  |
| Employee Fringe Benefits                            | 3,784                     | 0                       | 3,784                   |
| Contractual Services                                | 159,492                   | 0                       | 159,492                 |
| Supplies and Materials                              | 10,485                    | 0                       | 10,485                  |
| Other   | 0                         | 59,563                  | 59,563                  |
| <i>Total Operating Cash Disbursements</i>           | <u>197,902</u>            | <u>59,563</u>           | <u>257,465</u>          |
| <i>Operating Income (Loss)</i>                      | <u>98,671</u>             | <u>(2,548)</u>          | <u>96,123</u>           |
| <b>Non-Operating Receipts (Disbursements)</b>       |                           |                         |                         |
| Earnings on Investments (proprietary funds only)    | 949                       | 0                       | 949                     |
| Principal Retirement                                | (34,092)                  | 0                       | (34,092)                |
| Interest and Other Fiscal Charges                   | (47,655)                  | 0                       | (47,655)                |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(80,798)</u>           | <u>0</u>                | <u>(80,798)</u>         |
| <i>Income (Loss) before Transfers</i>               | 17,873                    | (2,548)                 | 15,325                  |
| Transfers In  | 15,000                    | 0                       | 15,000                  |
| Transfers Out                                       | (15,000)                  | 0                       | (15,000)                |
| <i>Net Change in Fund Cash Balances</i>             | 17,873                    | (2,548)                 | 15,325                  |
| <i>Fund Cash Balances, January 1</i>                | <u>364,142</u>            | <u>2,548</u>            | <u>366,690</u>          |
| <i>Fund Cash Balances, December 31</i>              | <u><u>\$382,015</u></u>   | <u><u>\$0</u></u>       | <u><u>\$382,015</u></u> |

See accompanying notes to the basic financial statements

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shawnee Hills, Delaware County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, general government services, park operations, and police services. The Village contracts with Concord Township to receive fire protection services.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Public Entities Pool of Ohio (PEP) – A public entity risk pool that jointly administered self-insurance risk management program and other administrative services to Ohio governments.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits**

The Village's accounting basis includes deposits as assets.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 Levy Fund – This fund receives real estate property tax money for providing fire protection for the Village. This service is contracted out to Concord Township.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Other Capital Projects Fund- Intersection – This fund receives monies to assist in the Dublin Rd/ Glick Rd. intersection project.

**4. Enterprise Funds**

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

Sewer Funds - This fund receives charges for services from residents to cover sewer service costs.

Enterprise Debt Service Fund – This fund is used to accumulate resources for the payment of the Sanitary Sewer System bonds.

**5. Fiduciary Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for monies from collections of fines imposed from tickets issued by the Village's police force.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**3. Encumbrances**

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

A summary of 2017 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

|                 |                                 |
|-----------------|---------------------------------|
| Demand Deposits | <u>2017</u><br><u>\$719,371</u> |
|-----------------|---------------------------------|

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the year ending December 31, 2017

| 2017 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$861,726            | \$774,743          | (\$86,983) |
| Special Revenue                   | 325,106              | 339,023            | 13,917     |
| Capital Projects                  | 25,000               | 25,000             | 0          |
| Enterprise                        | 306,250              | 312,522            | 6,272      |
| Total                             | \$1,518,082          | \$1,451,288        | (\$66,794) |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$837,016                  | \$822,540                 | \$14,476  |
| Special Revenue                                       | 569,726                    | 463,658                   | 106,068   |
| Capital Projects                                      | 25,000                     | 25,000                    | 0         |
| Enterprise  | 313,997                    | 295,296                   | 18,701    |
| Total   | \$1,745,739                | \$1,606,494               | \$139,245 |

**4. Property Tax**

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

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 Regional Income Tax Agency (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, 2017  
(Continued)**

**6. Debt**

Debt outstanding at December 31, 2017 was as follows:

|                                    |                    |       |
|------------------------------------|--------------------|-------|
| Lease - Ford F350 Truck            | \$5,485            | 3.49% |
| Lease - Ford Interceptor           | 24,572             | 3.79% |
| Lease - Ford Explorer              | 15,377             | 3.59% |
| Ohio Public Works Commission 2011  | 48,610             | 0.00% |
| Ohio Public Works Commission 2012  | 2,695              | 0.00% |
| Ohio Public Works Commission 2016  | 212,500            | 0.00% |
| 2016 Sanitary Sewer Refunding Bond | 1,252,432          | 3.71% |
| 2012 Various Purpose Bonds         | 428,553            | 2.66% |
| Total                              | <u>\$1,990,224</u> |       |

In 2011, the Village entered into an agreement with the Director of the Ohio Public Works Commission for the Storm Water Improvement project.

In 2012, the Village entered into an agreement with the Director of the Ohio Public Works Commission for the Overlay and Berming Road Improvements project.

In 2001, the Village entered into an agreement with the United States Department of Agriculture (USDA) Rural Development for a Sanitary Sewer System. This was refinanced in August 2016 by the Village receiving Sanitary Sewer Refunding Bonds from Delaware County. The Refunding Bond has an interest rate of 3.71% with the last payment due on August 24, 2041.

In 2012, the Village received various purpose bonds for paying for part of the cost of acquiring a building and constructing renovations on building for municipal office use.

In March 2015, the Village entered into a five-year lease agreement for a 2016 Ford Explorer in the amount of \$32,562. The lease has an interest rate of 3.59% with the last payment due on March 15, 2020.

In September 2015, the Village entered into a 34 month lease agreement for a 2016 Ford F-350 Truck XL Regular Cab with Salt Spreader and Snow Plow in the amount of \$19,873. The lease has an interest rate of 3.49% with the last payment due on September 1, 2018.

In September 2016, the Village entered into a 60 month lease agreement for a 2017 Ford Interceptor Police Cruiser in the amount of \$32,012. The lease has an interest rate of 3.79% with the last payment due on September 15, 2021.

In January 2016, the village entered into an agreement with the director of the Ohio Public Works commission for the Dublin Rd./Glick Rd. intersection project in the amount of \$250,000. The loan has a 10 year term with the first payment due July 1, 2016 and the last payment due on January 20, 2026.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**6. Debt (Continued)**

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

| Year ending<br>December 31: | Capital<br>Leases | OPWC<br>2011    | OPWC<br>2012   | OPWC<br>2016     | Sanitary<br>Sewer  | Various<br>Purpose<br>Bonds |
|-----------------------------|-------------------|-----------------|----------------|------------------|--------------------|-----------------------------|
| 2018                        | \$19,728          | \$2,025         | \$1,078        | \$25,000         | \$79,722           | \$29,573                    |
| 2019                        | 14,163            | 2,025           | 1,078          | 25,000           | 79,722             | 29,573                      |
| 2020                        | 8,820             | 2,025           | 539            | 25,000           | 79,722             | 29,573                      |
| 2021                        | 5,279             | 2,025           |                | 25,000           | 79,472             | 29,573                      |
| 2022                        |                   | 2,025           |                | 25,000           | 79,472             | 29,573                      |
| 2023-2027                   |                   | 10,128          |                | 87,500           | 398,230            | 151,136                     |
| 2028-2032                   |                   | 10,128          |                |                  | 402,377            | 153,654                     |
| 2033-2037                   |                   | 10,128          |                |                  | 405,859            | 101,692                     |
| 2038-2042                   |                   | 8,101           |                |                  | 327,176            | 102,343                     |
| Total                       | <u>\$47,990</u>   | <u>\$48,610</u> | <u>\$2,695</u> | <u>\$212,500</u> | <u>\$1,931,752</u> | <u>\$656,690</u>            |

**7. Retirement Systems**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1, 2017 through December 31, 2017, OP&F participants contributed 12.25%. For 2017, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2017, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**8. Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was one (1%) percent during calendar year 2017. OP&F contributes one-half (0.5%) percent to fund these benefits.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**9. Risk Management**

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

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The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

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|              | <u>2017</u>  |
|--------------|--------------|
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VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)

**9. Risk Management (Continued)**

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

|   |
|---|
| <b><u>2017 Contributions to PEP</u></b><br>\$20,995 |
|---|

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**10. Subsequent Events**

There are none at this time.

# OHIO AUDITOR OF STATE KEITH FABER



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

Village of Shawnee Hills  
Delaware County  
9484 Dublin Road  
Shawnee Hills, Ohio 43065

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Shawnee Hills, Delaware County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated April 26, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 26, 2019

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2018-001**

**Financial Reporting – Significant Deficiency**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following audit adjustments and reclassifications were made to the Village's financial statements and accounting records, where applicable, to properly reflect receipts, expenditures, and fund balance classifications:

1. In 2018, the Village did not record a portion of the Mayor's Court financial activity on their financial statements. An adjustment was made to the agency fund to increase Fines, Licenses & Permits by \$2,780 and increase Other Disbursements by \$2,780.
2. In 2018, the Village's subsequent appropriations exceeded estimated resources by \$77,282 in the General fund. Per GASB 54, this amount should be classified as assigned. A reclassification was made in the General fund in the amount of \$77,282 from unassigned to assigned.
3. In 2017, the Village's subsequent appropriations exceeded estimated resources by \$129,545 in the General fund. Per GASB 54 this amount plus year end outstanding encumbrances of \$7,099 should be classified as assigned. A reclassification was made in the General fund in the amount of \$136,577 from unassigned to assigned to report total assigned fund balance of \$136,644.
4. In 2017, the Village's reserve for encumbrances was \$7,099 in the General Fund. Per GASB 54, this amount should be classified as assigned. A reclassification was made in the General Fund in the amount of \$7,099 from unassigned to assigned.
5. In 2018, the Village recorded the Special Revenue Fire levy fund balance of \$25,427 as assigned. Per GASB 54, this amount should be reclassified as restricted. A reclassification was made in Special Revenue in the amount of \$25,427 from assigned to restricted.
6. In 2017, the Village recorded the Special Revenue Fire levy fund balance of \$9,475 as assigned. Per GASB 54, this amount should be reclassified as restricted. A reclassification was made in Special Revenue in the amount of \$9,475 from assigned to restricted.
7. In 2018, the Village recorded the Special Revenue Parks and Recreation, Weed, and Veterans Memorial fund balances of \$6,963 as assigned. Per GASB 54, this amount should be reclassified as committed. A reclassification was made in Special Revenue in the amount of \$6,963 from assigned to committed.
8. In 2017, the Village recorded the Special Revenue Parks and Recreation, Weed, and Veterans Memorial fund balances of \$8,612 as assigned. Per GASB 54, this amount should be reclassified as committed. A reclassification was made in Special Revenue in the amount of \$8,612 from assigned to committed.

VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)

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

FINDING NUMBER 2018-001 (Continued)

**Financial Reporting – Significant Deficiency (Continued)**

In addition, Auditor of State's Audit Bulletin 2000-008 provides guidance to cash basis entities for the accounting treatment of on behalf transactions; The Audit Bulletin states:

*When a local government enters into an on-behalf-of program agreement with another local government or the State, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.*

In 2017, the Village failed to record the \$25,000 in OPWC disbursements that were paid on behalf of the Village. The 2017 financial statements have been updated to reflect the \$25,000 reported as Intergovernmental Receipt and Principal Retirement in the Capital Projects Fund to account for the receipt and disbursement of this activity.

Failure to properly record and classify transactions and fund balances can result in inaccurate financial reporting data which is relied upon by the governing board and management, as well as financial statement readers.

The reclassifications identified should be reviewed by the Fiscal Officer to help prevent similar errors from being reported improperly on the financial statements in subsequent years. In addition, the Village Council should review the financial statements and note disclosures to help identify and correct errors and omissions.

**Officials' Response**

We did not receive a response from Officials to this finding.





**Mayor Pat Monahan**  
**9484 Dublin Rd.**  
**Shawnee Hills, Ohio 43065**

**Phone: 614-889-2824**  
**Fax: 614-336-1791**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**December 31, 2018 and 2017**

| <b>Finding Number</b> | <b>Finding Summary</b>   | <b>Status</b> | <b>Additional Information</b> |
|-----------------------|--|---------------|-------------------------------|
| 2016-001              | Maintaining Supporting Documentation – Material Weakness / Noncompliance | Corrected     | Nothing Additional            |
| 2016-002<br>2014-001  | Financial Reporting – Material Weakness                                  | Not corrected | Reissued as Finding 2018-001  |

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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 23, 2019**