



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY  
DECEMBER 31, 2022 AND 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Shawnee Hills, Delaware County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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

August 28, 2023

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**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, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Taxes	\$104,923	\$405,536	\$0	\$510,459
Municipal Income Tax	823,344	42	0	823,386
Intergovernmental	39,580	137,815	25,000	202,395
Charges for Services	4,696	0	0	4,696
Fines, Licenses and Permits	13,631	0	0	13,631
Earnings on Investments	103	146	0	249
Miscellaneous	9,376	68,008	0	77,384
<i>Total Cash Receipts</i>	<u>995,653</u>	<u>611,547</u>	<u>25,000</u>	<u>1,632,200</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons & Property	0	658,508	0	658,508
Community Environment	99,953	0	0	99,953
Transportation	0	35,992	0	35,992
General Government	204,839	35,237	0	240,076
Capital Outlay	0	146,154	0	146,154
Debt Service:				
Principal Retirement	16,036	15,998	25,000	57,034
Interest and Fiscal Charges	13,537	2,816	0	16,353
<i>Total Cash Disbursements</i>	<u>334,365</u>	<u>894,705</u>	<u>25,000</u>	<u>1,254,070</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>661,288</u>	<u>(283,158)</u>	<u>0</u>	<u>378,130</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	424,087	0	424,087
Transfers Out	(424,087)	0	0	(424,087)
Other Financing Sources	0	25	0	25
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(424,087)</u>	<u>424,112</u>	<u>0</u>	<u>25</u>
<i>Net Change in Fund Cash Balances</i>	<u>237,201</u>	<u>140,954</u>	<u>0</u>	<u>378,155</u>
<i>Fund Cash Balances, January 1</i>	<u>\$282,057</u>	<u>\$623,835</u>	<u>\$0</u>	<u>\$905,892</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$519,258</u></u>	<u><u>\$764,789</u></u>	<u><u>\$0</u></u>	<u><u>\$1,284,047</u></u>

**VILLAGE OF SHAWNEE HILLS, DELAWARE COUNTY**  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 2022**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$342,871
<i>Total Operating Cash Receipts</i>	342,871
 <b>Operating Cash Disbursements</b>	
Personal Services	23,231
Fringe Benefits	3,924
Contractual Services	207,442
Supplies and Materials	7,971
<i>Total Operating Cash Disbursements</i>	242,568
 <i>Operating Income (Loss)</i>	100,303
 <b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	104
Principal Retirement	(40,638)
Interest and Other Fiscal Charges	(40,859)
<i>Total Non-Operating Receipts (Disbursements)</i>	(81,393)
 <i>Net Change in Fund Cash Balance</i>	18,910
 <i>Fund Cash Balances, January 1</i>	\$143,686
 <i>Fund Cash Balances, December 31</i>	\$162,596

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Village of Shawnee Hills (the Village), Delaware County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, sewer utilities, park operations, and police services. The Village contracts with the Concord Township Fire Department for Fire and EMS protection services.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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 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*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Police District Fund*** The police district fund receives real estate property tax monies along with transfers from the general fund to provide safety services to the village.

***Fire Levy Fund*** The fire levy fund receives real estate property tax monies for providing fire and EMS protection. This service is contracted out to Concord Township Fire Department.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds: The Village has Sanitary Sewer Refunding Bonds, Series 2016 for the cost of installing our sanitary sewer lines within the village.

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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. The Village had the following significant capital project funds: *Dublin Road/Glick Road intersection Project* This fund receives monies to assist in the payment of this project.

**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 Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

***Basis of Accounting***

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

**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.

**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 reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

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

***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.

***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:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***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.

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$988,934	\$995,653	\$6,719
Special Revenue	977,116	1,035,662	58,546
Capital Projects	25,000	25,000	0
Enterprise	347,638	342,975	(4,663)
<b>Total</b>	<b>\$2,338,688</b>	<b>\$2,399,290</b>	<b>\$60,602</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$839,420	\$764,094	\$75,326
Special Revenue	1,552,335	920,672	631,663
Capital Projects	25,000	25,000	0
Enterprise	376,165	324,546	51,619
<b>Total</b>	<b>\$2,792,920</b>	<b>\$2,034,312</b>	<b>\$758,608</b>

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2022
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$1,446,643
Total deposits	1,446,643
Total Deposits and Investments	\$1,446,643

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$,8,889.40 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit 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.

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

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

***Income Taxes***

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.

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 773 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>( 18,158,351)</u>
Members' Equity	<u>\$ 3,504,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All full time and part time employees, excluding full time police officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.



**Village of Shawnee Hills, Ohio**  
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*For the Year Ended December 31, 2022*

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The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

***Ohio Police and Fire Retirement System***

Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

**Note 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 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 0.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Lease Dodge Journey	\$2,863	0.0579
Lease 2022 Ford intercepto	\$54,341	0.0399
Lease 2021 Ford Interceptor	\$24,132	0.0398
OPWC 2011	\$39,495	0
OPWC 2016	100,000	0
2016 Sanitary Sewer Refunding Bonds	1,073,203	0.03675
2012 Various Purpose Bonds	\$303,840	0.0366

In 2011, the Village entered into a zero percent loan agreement in the amount of \$60,762.51 with the Director of the Ohio Public Works Commission for the Storm Water Improvement project. The Village will repay the loan in semiannual installments of \$1,102.71 over thirty years. The Village has agreed to set storm water rates sufficient to cover the OWDA debt service requirements. The last payment is due July, 2041.

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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In August 2016, the Village received Sanitary Sewer Refunding Bonds from Delaware County in the amount of \$1,284,500.00. The Refunding Bond has a beginning interest rate of 3.71% which will increase every five years. The Village has agreed to set the sanitary sewer rate to be sufficient to cover the Delaware County debt service requirements. The payments for these bonds will be paid annually with a final pay date of August 2041.

In 2012, the Village received various purpose bonds from Delaware County in the amount of \$499,999.80 with a beginning interest rate of 2.66% and increasing every five years for the cost of acquiring a building for municipal purposes and installing a sidewalk along Dublin Road. The Village will repay these bonds annually with a beginning payment of \$26,849.04. The last payment is due in November, 2042.

In January 2016, the Village entered into a zero percent loan agreement with the director of the Ohio Public Works commission for the Dublin Rd./Glick Rd. Intersection project in the amount of \$250,000.00. The loan has a 10-year term with biannual payments of \$12,500.00 over ten years with the last payment due in July 2026. The City of Dublin has agreed to pay for this loan as they partnered with the Village on this intersection project.

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 a monthly payment of \$204.99 with the last payment due July 3, 2024.

In September 2021, the Village entered into a 58-month lease agreement for a 2021 Ford Interceptor in the amount of \$32,760.00. This lease has an interest rate of 3.98% with the first payment of \$1,809.09 and the remaining monthly payments of \$603.03 with the last payment due on July 1, 2026.

In April 2022, the Village entered into a sixty-month lease agreement for a 2022 Ford Interceptor in the amount of \$61,900.40. This lease has an interest rate of 3.99% with a monthly payment of \$1,139.71 with the last payment due on April 1, 2027

***Amortization***

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

Year Ending December 31	Capital Leases	OPWC	Sanitary Sewer General Obligation Bonds
Year Ending December 31:	Financed Purchases	OWDA Loan	
2023	\$22,473	\$27,025	\$109,700
2024	22,348	27,025	109,700
2025	20,913	27,025	109,700
2026	16,817	27,025	109,700
2027	6,635	2,025	110,567
2028-2032		10,127	556,031
2033-2037		10,127	506,733
2038-2042		9,114	385,570

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 10 – Construction and Contractual Commitments**

There are none.

**Note 11 – Contingent Liabilities**

There are none at this time.

**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Outstanding Encumbrances	5,642	25,966	481	32,089
<i>Total</i>	<u>\$5,642</u>	<u>\$25,966</u>	<u>\$481</u>	<u>\$32,089</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt enterprise funds are restricted or committed. These restricted and committed amounts in the special revenue, and enterprise funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 13 – Subsequent Events**

There are none at this time.

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**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, 2021**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Taxes	\$100,838	\$395,145	\$0	\$495,983
Municipal Income Tax	613,256	0	0	613,256
Intergovernmental	37,505	132,450	38,102	208,057
Charges for Services	4,033	0	0	4,033
Fines, Licenses and Permits	24,272	0	0	24,272
Earnings on Investments	70	114	0	184
Miscellaneous	17,993	2,197	0	20,190
<i>Total Cash Receipts</i>	<u>797,967</u>	<u>529,906</u>	<u>38,102</u>	<u>1,365,975</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons & Property	69,766	542,723	0	612,489
Community Environment	112,797	0	0	112,797
Transportation	0	29,059	0	29,059
General Government	169,210	8,156	0	177,366
Capital Outlay	11,654	127,991	602	140,247
Debt Service:				
Principal Retirement	15,470	12,264	37,500	65,234
Payment of Capital Appreciation Bond Accretion	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Interest and Fiscal Charges	14,104	1,090	0	15,194
<i>Total Cash Disbursements</i>	<u>393,001</u>	<u>721,283</u>	<u>38,102</u>	<u>1,152,386</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>404,966</u>	<u>(191,377)</u>	<u>0</u>	<u>213,589</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	367,152	0	367,152
Transfers Out	(367,152)	0	0	(367,152)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(367,152)</u>	<u>367,152</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>37,814</u>	<u>175,775</u>	<u>0</u>	<u>213,589</u>
<i>Fund Cash Balances, January 1</i>	<u>\$244,243</u>	<u>\$448,060</u>	<u>\$0</u>	<u>\$692,303</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$282,057</u></u>	<u><u>\$623,835</u></u>	<u><u>\$0</u></u>	<u><u>\$905,892</u></u>

**VILLAGE OF SHAWNEE HILLS, DELAWARE COUNTY**  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Proprietary Fund Types**  
**For the Year Ended December 31, 2021**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$320,769
<i>Total Operating Cash Receipts</i>	320,769
<b>Operating Cash Disbursements</b>	
Personal Services	23,038
Fringe Benefits	3,903
Contractual Services	216,160
Supplies and Materials	57,652
<i>Total Operating Cash Disbursements</i>	300,753
<i>Operating Income (Loss)</i>	20,016
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	101
Principal Retirement	(40,136)
Interest and Other Fiscal Charges	(42,625)
<i>Total Non-Operating Receipts (Disbursements)</i>	(82,660)
<i>Net Change in Fund Cash Balance</i>	(62,644)
<i>Fund Cash Balances, January 1</i>	\$206,330
<i>Fund Cash Balances, December 31</i>	\$143,686

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shawnee Hills (the Village), Delaware County, 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 and EMS protection services.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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 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*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Police District Fund*** The police district fund receives real estate property tax money and also transfers from the general fund to provide police safety services to the village.

***Fire Levy Fund*** The fire levy fund receives real estate property tax money for providing fire protection and EMS. This service is contracted out to Concord Township.

***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. The Village had the following significant capital project funds:

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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*Dublin Rd./Glick Road Intersection Project* This fund received monies to assist in the payment of this project

*Glick Road Stormwater Project* This fund receives money from an OPWC grant to assist in the payment of this project

***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 Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

***Basis of Accounting***

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 Board 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.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

***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.

***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 reappropriated.



**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

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

***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.

***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:

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

***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.

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$766,278	\$797,966	\$31,688
Special Revenue	888,910	897,058	8,148
Capital Projects	38,102	38,102	0
Enterprise	313,576	320,868	7,292
Total	\$2,006,866	\$2,053,994	\$47,128

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$785,318	\$771,823	\$13,495
Special Revenue	1,186,012	785,012	401,000
Capital Projects	38,102	38,102	0
Enterprise	399,056	394,728	4,328
Total	\$2,408,488	\$1,989,665	\$418,823

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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	<u>2021</u>
Demand deposits	\$1,049,578
Total Deposits	<u>1,049,578</u>

***Deposits***

Deposits are insured by the Federal Deposit 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.

**Note 5 – Taxes**

***Property Taxes***

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.

***Income Taxes***

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.

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>( 15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All full time and part time employees, excluding full time police officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2021.

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Ohio Police and Fire Retirement System***

All full time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2021.

**Note 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 Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during Calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Lease - Dodge Journey unmarked cruiser	\$5,039	5.79%
Lease - Ford Interceptor	30,277	3.98%
Ohio Public Works Commission 2011	41,521	0.00%
Ohio Public Works Commission 2016	125,000	0.00%
2016 Sanitary Sewer Refunding Bond	1,111,816	3.71%
2012 Various Purpose Bonds	369,875	3.66%
Total	\$1,683,528	

In 2011, the Village entered into a zero percent loan agreement in the amount of \$60,762.51 with the Director of the Ohio Public Works Commission for the Storm Water Improvement project. The Village will repay the loan in semiannual installments of \$1,102.71 over thirty years. The Village has agreed to set storm water rates sufficient to cover the OWDA debt service requirements. The last payment is due July, 2041.

In August 2016, the Village received Sanitary Sewer Refunding Bonds from Delaware County in the amount of \$1,284,500.00. The Refunding Bond has a beginning interest rate of 3.71% which will increase every five years. The Village has agreed to set the sanitary sewer rate to be sufficient to cover the Delaware County debt service requirements. The payments for these bonds will be paid annually with a final pay date of August 2041.

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

In 2012, the Village received various purpose bonds from Delaware County in the amount of \$499,999.80 with a beginning interest rate of 2.66% and increasing every five years for the cost of acquiring a building for municipal purposes and installing a sidewalk along Dublin Road. The Village will repay these bonds annually with a beginning payment of \$26,849.04. The last payment is due in November, 2042.

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%. The payment for this lease will be in monthly installments of \$586.54 with the last payment due on September 15, 2021.

In January 2016, the Village entered into a zero percent loan agreement with the director of the Ohio Public Works commission for the Dublin Rd./Glick Rd. intersection project in the amount of \$250,000.00. The loan has a 10 year term with biannual payments of \$12,500.00 over ten years with the last payment due in July 2026. The City of Dublin has agreed to pay for this loan as they partnered with the Village on this intersection project.

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 a monthly payment of \$204.99 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 monthly payments of \$575.38 with the last payment due on August 1, 2021.

In September 2021, the Village entered into a 58 month lease agreement for a 2021 Ford Interceptor in the amount of \$32,760.00. This lease has an interest rate of 3.98% with the first payment of \$1,809.09 and the remaining monthly payments of \$603.03 with the last payment due on July 1, 2026.

***Amortization***

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

Year ending December 31:	Capital Leases	OPWC 2011	OPWC 2016	Sanitary Sewer	Various Purpose Bonds
2022	9,696	2,025	25,000	79,472	29,573
2023	9,696	2,025	25,000	79,472	30,227
2024	8,671	2,025	25,000	79,472	30,227
2025	7,236	2,025	25,000	79,472	30,227
2026	4,221	2,025	25,000	79,472	30,227
2031		10,127	25,000	79,472	30,227
2036		10,127		405,082	112,084
2041		10,127		408,970	102,213
2042	39,520	1,013		1,290,884	20,469
Total	<u>\$79,040</u>	<u>\$41,519</u>	<u>\$150,000</u>	<u>\$2,581,768</u>	<u>\$415,474</u>

**Village of Shawnee Hills, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 10 – Construction and Contractual Commitments**

The Village entered into a cost sharing agreement with Imperial Renovations & Design, LLC for the installation of a 36 inch storm water line within the Village in the amount of \$78,000.00. The developer had to install the storm water line for his development project and the Village agreed it would greatly benefit the Village if the line was made larger to accommodate the Village tying into this storm water line also. The Village agreed to pay for the difference in cost of the larger line.

**Note 11 – Contingent Liabilities**

There are none at this time.

**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balance of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Outstanding Encumbrances	11,670.62	63,727.73	11,214.78	86,613.13

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue, and enterprise projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## 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 the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Village of Shawnee Hills, Delaware County, (the Village), and have issued our report thereon dated August , wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Village's Response to Finding**

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 28, 2023

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

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

**FINDING NUMBER 2022-001**

**Payroll Approvals – Significant Deficiency**

The **Village of Shawnee Hills's Policy # 610, *Payroll Records***, states supervisors are responsible for approving the payroll records of employees under their supervision.

During Fiscal Years 2021 and 2022, the Village did not have the proper internal controls in place to help ensure employees' timesheets and leave requests were approved by supervisors prior to being submitted to the fiscal officer for processing.

We noted the following errors were processed by the fiscal officer without prior approval:

- We noted 1 out of 12 of the Village Administrator's timesheets (8%) in 2021 were not approved, and 20 out of 26 of his timesheets (77%) in 2022 were not approved.
- Timesheets for employees in the police department were sporadically approved by a supervisor in 2021 and 2022. In 2022, we noted one instance of a police officer's timesheet which was approved with 74 hours worked; however, our recalculation of the timesheet indicated that 72.5 hours had been worked by the employee. Therefore, the supervisor had approved the timesheet with the incorrect number of hours worked, resulting in the employee being overpaid for 1.5 hours.
- 34 out of 44 of the Fiscal Officer's leave requests (77%) were not approved by a supervisor in 2021 and 2022.

Failure of supervisors, who have knowledge of employees' time worked, to review and approve timesheets and leave requests, increases the risk of fraud and could result in financial statement misstatements and expenditures that are not for a proper public purpose.

The Village should review internal control policies and procedures over the payroll process to help ensure supervisors are approving employee timesheets and leave requests as intended by policy.

**Officials' Response:**

The Village of Shawnee Hills appreciates being given the opportunity to respond to Finding Number 2022-001. The Village agrees it is important to have the proper internal controls in place to ensure employees' timesheets and leave requests are approved before being submitted and processed for payment. Taxpayer money cannot be misused, and expenditures must be for a proper public purpose. While there was no fraudulent intent or intent to commit any other wrongdoing, the Village acknowledges there were deficiencies in these processes during the audit period. The Village will take the following action to improve:

1. The Administration will review and update the Village policies, which govern timesheet and leave request approvals, by the end of the year. The policies will be enhanced with greater detail and clarity – timesheets and leave requests will not be processed and paid without the proper approval.
2. Council for the Village of Shawnee Hills will adopt these updates after they are vetted and drafted by the Administration. Once adopted by Council, the updated policies will be made available to all employees.

**VILLAGE OF SHAWNEE HILLS  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

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

**FINDING NUMBER 2022-001**

**Payroll Approvals – Significant Deficiency**

**Officials' Response (continued)**

3. In the meantime, the Mayor, Village Administrator, and Fiscal Officer will be reminded that timesheets and leave request must be approved prior to the employee being paid or taking leave.

With this plan, the Village hopes to remove or fully alleviate the condition as reported in Finding Number 2022-001.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF SHAWNEE HILLS**

**DELAWARE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/21/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)