



**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SHADYSIDE
BELMONT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Shadyside
Belmont County
50 East 39th Street
Shadyside, Ohio 43947

To the Village Council:

We have audited the accompanying financial statements of the Village of Shadyside, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Shadyside, Belmont County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 8, during 1999, the Village reclassified its pension payment fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

April 10, 2001

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VILLAGE OF SHADYSIDE
BELMONT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$303,887	\$136,657	\$0	\$0	\$0	\$440,544
Intergovernmental Receipts	378,193	139,365				517,558
Charges for Services	8,993					8,993
Fines, Licenses, and Permits	11,571					11,571
Earnings on Investments	43,597	4,901		3,717	11,221	63,436
Estate Bequest					319,691	319,691
Miscellaneous	12,804					12,804
Total Cash Receipts	759,045	280,923		3,717	330,912	1,374,597
Cash Disbursements:						
Current:						
Security of Persons and Property	344,815	60,916				405,731
Public Health Services	12,184					12,184
Leisure Time Activities	30,156					30,156
Community Environment	1,102					1,102
Transportation	78,719	114,499				193,218
General Government	247,761					247,761
Capital Outlay	29,180	4,788				33,968
Total Cash Disbursements	743,917	180,203				924,120
Total Cash Receipts Over/(Under) Cash Disbursements	15,128	100,720		3,717	330,912	450,477
Other Financing Receipts/(Disbursements):						
Advances-In		10,000				10,000
Transfers-Out	(476)					(476)
Advances-Out	(10,000)					(10,000)
Total Other Financing Receipts/(Disbursements)	(10,476)	10,000				(476)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,652	110,720		3,717	330,912	450,001
Fund Cash Balances, January 1	387,855	62,883	4,372	78,576	0	533,686
Fund Cash Balances, December 31	\$392,507	\$173,603	\$4,372	\$82,293	\$330,912	\$983,687

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$595,747
Miscellaneous	6,187
	601,934
Operating Cash Disbursements:	
Personal Services	155,713
Fringe Benefits	58,512
Contractual Services	76,976
Supplies and Materials	70,786
Capital Outlay	103,651
Miscellaneous	4,157
	469,795
Total Operating Cash Disbursements	469,795
Operating Income/(Loss)	132,139
Non-Operating Cash Receipts:	
Intergovernmental Receipts	65,129
Earnings on Investments	5,812
	70,941
Total Non-Operating Cash Receipts	70,941
Non-Operating Cash Disbursements:	
Debt Service	186,346
Total Non-Operating Cash Disbursements	186,346
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	16,734
Transfers-In	476
Net Receipts Over/(Under) Disbursements	17,210
Fund Cash Balances, January 1	547,092
Fund Cash Balances, December 31	\$564,302

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

VILLAGE OF SHADYSIDE
BELMONT COUNTY

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$300,337	\$63,282	\$0	\$0	\$0	\$363,619
Intergovernmental Receipts	631,914	152,472				784,386
Charges for Services	13,815					13,815
Fines, Licenses, and Permits	14,949	3,790				18,739
Earnings on Investments	21,235	1,037		3,439		25,711
Miscellaneous	15,382					15,382
Total Cash Receipts	<u>997,632</u>	<u>220,581</u>		<u>3,439</u>		<u>1,221,652</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	325,062	119,885				444,947
Public Health Services	12,369					12,369
Leisure Time Activities	40,678					40,678
Community Environment	1,102					1,102
Transportation	73,768	234,202				307,970
General Government	213,797					213,797
Capital Outlay		46,240				46,240
Total Cash Disbursements	<u>666,776</u>	<u>400,327</u>				<u>1,067,103</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>330,856</u>	<u>(179,746)</u>		<u>3,439</u>		<u>154,549</u>
Other Financing Receipts/(Disbursements):						
Transfers-In		107,300				107,300
Transfers-Out	(111,600)					(111,600)
Total Other Financing Receipts/(Disbursements)	<u>(111,600)</u>	<u>107,300</u>				<u>(4,300)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>219,256</u>	<u>(72,446)</u>		<u>3,439</u>		<u>150,249</u>
Fund Cash Balances, January 1 - Restated Note 8	<u>168,599</u>	<u>135,329</u>	<u>4,372</u>	<u>75,137</u>	<u>0</u>	<u>383,437</u>
Fund Cash Balances, December 31	<u>\$387,855</u>	<u>\$62,883</u>	<u>\$4,372</u>	<u>\$78,576</u>	<u>\$0</u>	<u>\$533,686</u>

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$604,295
Miscellaneous	17,751
Total Operating Cash Receipts	622,046
Operating Cash Disbursements:	
Personal Services	155,517
Fringe Benefits	48,385
Contractual Services	69,326
Supplies and Materials	19,703
Capital Outlay	6,461
Miscellaneous	111,520
Total Operating Cash Disbursements	410,912
Operating Income/(Loss)	211,134
Non-Operating Cash Receipts:	
Earnings on Investments	5,657
Proceeds from Loans	6,461
Total Non-Operating Cash Receipts	12,118
Non-Operating Cash Disbursements:	
Debt Service	173,310
Total Non-Operating Cash Disbursements	173,310
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	49,942
Transfers-In	4,300
Net Receipts Over/(Under) Disbursements	54,242
Fund Cash Balances, January 1	492,850
Fund Cash Balances, December 31	\$547,092

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Shadyside, Belmont County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), fire, emergency medical, and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit and the repurchase agreement are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Fire Apparatus Fund - This fund receives property tax money to provide fire and emergency medical services to Village residents.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. There was no activity in the Village's debt service fund for the period January 1, 1999 through December 31, 2000.

4. Capital Project Funds

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

General Street Assessment Fund - This fund receives interest revenue from certificates of deposit with the principal and interest earned to be used for the construction and repair of Village streets.

5. Enterprise Funds

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

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

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

6. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant fiduciary fund:

Swamberg Estate Trust Fund - This expendable trust fund receives interest from STAROhio with the principal and interest to be used for the betterment of the Village, excluding general operations.

E. Budgetary Process

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting in 1999 and did not encumber all commitments required by Ohio law in 2000.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 759,494	\$ 644,952
Certificates of deposit	<u>190,213</u>	<u>404,752</u>
Total deposits	<u>949,707</u>	<u>1,049,704</u>
Repurchase Agreement	32,411	31,074
STAROhio	<u>565,871</u>	<u> </u>
Total investments	<u>598,282</u>	<u>31,074</u>
Total deposits and investments	<u>\$ 1,547,989</u>	<u>\$ 1,080,778</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form. Securities purchased pursuant to the repurchase agreement are delivered into the custody of the bank's trust company.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 542,208	\$ 759,045	\$ 216,837
Special Revenue	264,800	280,923	16,123
Debt Service	0	0	0
Capital Projects	2,500	3,717	1,217
Enterprise	607,500	673,351	65,851
Fiduciary	<u>0</u>	<u>330,912</u>	<u>330,912</u>
Total	<u>\$ 1,417,008</u>	<u>\$ 2,047,948</u>	<u>\$ 630,940</u>

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 942,267	\$ 744,393	\$ 197,874
Special Revenue	318,480	180,203	138,277
Debt Service	4,372	0	4,372
Capital Projects	81,076	0	81,076
Enterprise	1,154,592	656,141	498,451
Fiduciary	0	0	0
Total	<u>\$ 2,500,787</u>	<u>\$ 1,580,737</u>	<u>\$ 920,050</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 650,108	\$ 997,632	\$ 347,524
Special Revenue	348,327	327,881	(20,446)
Debt Service	0	0	0
Capital Projects	80,000	3,439	(76,561)
Enterprise	562,000	638,464	76,464
Total	<u>\$ 1,640,435</u>	<u>\$ 1,967,416</u>	<u>\$ 326,981</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 824,726	\$ 778,376	\$ 46,350
Special Revenue	423,787	400,327	23,460
Debt Service	4,372	0	4,372
Capital Projects	154,611	0	154,611
Enterprise	1,054,851	584,222	470,629
Total	<u>\$ 2,462,347</u>	<u>\$ 1,762,925</u>	<u>\$ 699,422</u>

4. PROPERTY TAX

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

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

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

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

5. DEBT

Debt outstanding at December 31, 2000, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 0615	\$ 328,963	9.72%
Ohio Water Development Authority Loan 0615S	37,599	9.88%
Ohio Water Development Authority Loan 0615S2	80,173	8.97%
Ohio Water Development Authority Loan 6016	353,161	6.87%
Ohio Water Development Authority Loan 8105	69,410	5.86%
Ohio Public Works Commission Loan CR449	52,289	2.00%
Ohio Public Works Commission Loan CR12A	202,860	2.00%
Total	\$ 1,124,455	

The Ohio Water Development Authority (OWDA) loans 0615, 0615S, and 0615S2 relate to water and sewer improvements. The OWDA loans 6016 and 8105 pertain to water tank improvements. Ohio Public Works Commission (OPWC) loans CR449 and CR12A relate to sewer improvements. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA and OPWC debt service requirements.

The Village paid the debt service principal and interest due in January 2001 on each of the following issues in December 2000.

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

Year ending December 31	OWDA Loan 0615	OWDA Loan 0615S	OWDA Loan 0615S2	OWDA Loan 6016	OWDA Loan 8105	OPWC Loan CR449	OPWC Loan CR12A
2001	\$ 35,356	\$ 4,056	\$ 8,414	\$ 19,983	\$ 5,855	\$ 6,834	\$ 13,035
2002	70,711	8,112	16,829	39,246	11,710	13,667	26,070
2003	70,711	8,112	16,829	39,246	11,710	13,667	26,070
2004	70,711	8,112	16,829	39,246	11,710	13,667	26,070
2005	70,711	8,112	16,829	39,246	11,710	6,834	26,070
Subsequent	141,422	16,224	33,657	392,462	35,131	0	104,283
Total	\$ 459,622	\$ 52,728	\$ 109,387	\$ 569,429	\$ 87,826	\$ 54,669	\$ 221,598

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages.

PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

8. RESTATEMENT OF FUND BALANCES

The Village changed its method of reporting cash receipts and disbursements of the Police Pension Fund. These monies were previously accounted for in an Expendable Trust Fund. In 1999, the Village elected to include these monies within the Special Revenue Fund Type for presentation purposes. The effect of this change is as follows:

	Special Revenue Fund Type	Expendable Trust Fund Type
Fund cash balances originally stated, December 31, 1998	\$125,614	\$9,715
Prior Period adjustment	9,715	(9,715)
Restated Fund Cash Balances, January 1, 1999	\$135,329	\$0

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

Village of Shadyside
Belmont County
50 East 39th Street
Shadyside, Ohio 43947

To the Village Council:

We have audited the accompanying financial statements of the Village of Shadyside, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 10, 2001, wherein we noted that during 1999, the Village reclassified its pension payment fund. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-31007-001 and 2000-31007-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 10, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 10, 2001.

Village of Shadyside
Belmont County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended for the information and use of management, the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 10, 2001

VILLAGE OF SHADYSIDE
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-31007-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the Clerk/Treasurer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the Clerk/Treasurer may authorize it to be paid without the affirmation of the Village Council.

In 1999, the Village did not certify the availability of funds for any expenditure they incurred. For 2000, all of the obligations paid by the Village had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, free from any previous encumbrance; however, this certification was dated subsequent to incurring the obligation for 94% of transactions tested.

We recommend the Clerk/Treasurer monitor the use of purchase orders more carefully to help ensure expenditures are certified as to the availability of funds prior to incurring the obligation.

FINDING NUMBER 2000-31007-002

Noncompliance Citation

Ohio Rev. Code § 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

In 2000, the Clerk/Treasurer recorded monies into the Daisy Run Fund-Enterprise Fund in the amount of \$53,715, however, the amount was to be allocated to the Ohio Water Development Authority (OWDA) Sewer Plant Fund-Enterprise Fund per Village Ordinance 927.09 (A).

A finding for adjustment is hereby issued against the Village of Shadyside Daisy Run Fund-Enterprise Fund, in the amount of \$53,715, in favor of the Village of Shadyside OWDA Sewer Plant Fund-Enterprise Fund. The Clerk/Treasurer has posted this adjustment to the Village's financial statements, and this adjustment is reflected in the accompanying financial statements.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF SHADYSIDE

BELMONT 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
JUNE 14, 2001**