



Mary Taylor, CPA
Auditor of State

VILLAGE OF SHADYSIDE
BELMONT COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 18, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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 year ended December 31, 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2008 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008, or its changes in financial position or cash flows, where applicable for the year then ended.

Also, 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, 2008, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

March 18, 2009

VILLAGE OF SHADYSIDE
BELMONT COUNTY

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$354,700	\$148,005			\$502,705
Intergovernmental	292,818	191,248			484,066
Charges for Services	9,583	119,281			128,864
Fines, Licenses and Permits	12,607				12,607
Earnings on Investments	24,641	10,479			35,120
Miscellaneous	29,344	19,786			49,130
Total Cash Receipts	<u>723,693</u>	<u>488,799</u>	<u>\$0</u>	<u>\$0</u>	<u>1,212,492</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	351,006	187,381			538,387
Public Health Services	14,683				14,683
Leisure Time Activities	27,510				27,510
Transportation	81,012	175,531			256,543
General Government	243,395				243,395
Debt Service:					
Redemption of Principal	3,000	46,720			49,720
Interest and Fiscal Charges	1,084	9,481			10,565
Capital Outlay	28,217	144,088			172,305
Total Cash Disbursements	<u>749,907</u>	<u>563,201</u>	<u>0</u>	<u>0</u>	<u>1,313,108</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(26,214)</u>	<u>(74,402)</u>	<u>0</u>	<u>0</u>	<u>(100,616)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes		74,366			74,366
Other Debt Proceeds		994			994
Transfers-In		31,500			31,500
Transfers-Out	(31,500)				(31,500)
Other Financing Sources	124				124
Total Other Financing Receipts / (Disbursements)	<u>(31,376)</u>	<u>106,860</u>	<u>0</u>	<u>0</u>	<u>75,484</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(57,590)</u>	<u>32,458</u>	<u>0</u>	<u>0</u>	<u>(25,132)</u>
Fund Cash Balances, January 1	<u>460,544</u>	<u>823,978</u>	<u>4,511</u>	<u>33,375</u>	<u>1,322,408</u>
Fund Cash Balances, December 31	<u>\$402,954</u>	<u>\$856,436</u>	<u>\$4,511</u>	<u>\$33,375</u>	<u>\$1,297,276</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
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$762,508
Total Operating Cash Receipts	762,508
Operating Cash Disbursements:	
Personal Services	168,458
Employee Fringe Benefits	95,837
Contractual Services	133,055
Supplies and Materials	62,557
Other	132,356
Total Operating Cash Disbursements	592,263
Operating Income	170,245
Non-Operating Cash Receipts:	
Property and Other Local Taxes	3,519
Sale of Notes	36,634
Miscellaneous Receipts	4,905
Total Non-Operating Cash Receipts	45,058
Non-Operating Cash Disbursements:	
Capital Outlay	37,636
Redemption of Principal	37,048
Interest and Other Fiscal Charges	11,022
Total Non-Operating Cash Disbursements	85,706
Net Receipts Over Disbursements	129,597
Fund Cash Balances, January 1	1,042,406
Fund Cash Balances, December 31	\$1,172,003

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, 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Shadyside, Belmont County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, maintenance of Village streets, park and pool operations, fire, emergency medical, and police services.

The Village is involved with the Bel-O-Mar Regional Council and the Eastern Ohio Regional Transit Authority, which are defined as jointly governed organizations. Note 8 to the financial statements provide additional information for these entities.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposit 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.

The Village had deposits in high balance savings accounts and invested in a repurchase sweep agreement with Chase Bank. The Village's repurchase sweep agreement investment is recorded at the amount reported by Chase Bank.

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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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.

Fire Apparatus Fund – This fund receives property tax money to provide fire protection to Village residents.

Fire Department Emergency Medical Services (EMS) Fund – This fund receives charges for services from residents to provide emergency medical services.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. There was no activity in the debt service funds for the period January 1, 2008 through December 31, 2008.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). There was no activity in the capital project funds for the period January 1, 2008 through December 31, 2008.

5. 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:

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

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

VILLAGE OF SHADYSIDE
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. 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. 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

	2008
Demand deposits	\$1,408,940
Repurchase agreement	1,060,339
Total deposits and investments	<u>\$2,469,279</u>

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

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

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize the repurchase agreement. The securities are not in the Village's name.

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2008, follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$675,042	\$723,817	\$48,775
Special Revenue	464,210	595,659	131,449
Enterprise	545,833	807,566	261,733
Total	\$1,685,085	\$2,127,042	\$441,957

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,135,586	\$781,407	\$354,179
Special Revenue	1,288,187	563,201	724,986
Debt Service	4,511		4,511
Capital Projects	33,375		33,375
Enterprise	1,588,239	677,969	910,270
Total	\$4,049,898	\$2,022,577	\$2,027,321

4. Property Tax

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

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

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.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)**

5. Debt

Debt outstanding at December 31, 2008, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$212,473	6.87%
Ohio Public Works Commission Loans	166,220	0.02%
Equipment Lease-Purchase Agreements	308,635	3.65 - 6.66%
Total	\$687,328	

The Ohio Water Development Authority (OWDA) loan relates to water tank improvements payable in semi-annual installments at an annual percentage rate of 6.87%, with final payment due July 15, 2015. The loan is secured by water utility receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans relate to storm sewer system replacement and sanitary sewer rehabilitation payable in semi-annual installments at annual percentage rates of .02%, with final payment due July 15, 2023. The storm sewer system replacement loan is paid from the General and Sewer Replacement Funds. The sanitary sewer rehabilitation loan is secured by sewer receipts.

The equipment lease-purchase agreements relate to the financing of a truck for use by the Village Street Department, rescue vehicles for use by the Village Emergency Medical Squad, and trucks for use by the Village Water Department. The leases are payable in monthly or annual installments at annual percentage rates of 3.65% to 6.66%, with final payment due February 24, 2013. The leases are supported by the full faith and credit of the Village and are payable from gasoline and motor vehicle license taxes, emergency medical fees, or secured by water utility receipts.

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

Year ending December 31:	OWDA Loan	OPWC Loans	Leases	Grand Total
2009	\$58,869	\$36,962	\$72,885	\$168,716
2010	39,246	10,891	72,885	123,022
2011	39,246	10,891	72,886	123,023
2012	39,246	10,891	64,689	114,826
2013	39,246	10,891	64,689	114,826
2014 – 2018	58,869	54,455		113,324
2019 – 2023		54,454		54,454
Total	\$274,722	\$189,435	\$348,034	\$812,191

6. Retirement Systems

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)**

6. Retirement Systems (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2008, OP&F participants contributed 10% of their wages. For 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2008, 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, 2008.

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

8. Jointly Governed Organizations

A. Bel-O-Mar Regional Council is operated as a not-for-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia (Ohio, Marshall and Wetzel Counties). The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by each local government within Belmont County. The Council is not dependent upon the Village of Shadyside for its continued existence, no debt exists, and the Village does not maintain an equity interest. Bel-O-Mar Regional Council received \$1,213 for 2009 annual fees paid in 2008.

B. Eastern Ohio Regional Transit Authority (the Authority) was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine local mayors of the municipalities served by the Authority. The continued existence of the Authority is not dependent upon the Village's continued participation and no equity interest exists for which the Village is responsible.

9. Subsequent Events

During 2008, the Village approved Ordinance 1593 for an agreement with the Ohio Water Development Authority (OWDA) for the planning of sewer system improvements. The Village also approved Ordinance 1595 for an agreement with the OWDA for the planning of water system improvements. The Village approved Ordinance 1596 accepting low bid on the reservoir slip project from a local contractor at \$234,349, which will also be ultimately financed through the OWDA. The Village was awarded an Ohio Department of Transportation (ODOT) grant to aid in a median strip and streetscape project totaling \$1,110,405. All loans and construction projects will be initiated during 2009, with exception of the ODOT project which is tentatively scheduled to begin during 2011.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the Village of Shadyside, Belmont County, Ohio (the Village), as of and for the year ended December 31, 2008, and have issued our report thereon dated March 18, 2009, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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

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We consider finding 2008-002 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated March 18, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 18, 2009.

We intend this report solely for the information and use of the audit committee, management, and the Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 18, 2009

VILLAGE OF SHADYSIDE
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008

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

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code:

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made "then" and at the time that the fiscal officer is completing the certification "now", that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without a resolution or ordinance of the Village upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

Blanket Certificate – Fiscal officers may prepare so-called "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Although the obligations paid by the Village had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 58% of transactions tested, and there was no evidence of a "Then and Now" certificate being utilized.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008
(Continued)**

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

**FINDING NUMBER 2008-001
(Continued)**

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Village. When prior certification is not possible, "then and now" certificates should be used.

We recommend the Village certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Village incurring a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

FINDING NUMBER 2008-002

Significant Deficiency

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village received 1099 Forms from vendors which had paid the Village for emergency medical service billings. However, no process was in place to ensure vendor payments were reconciled to billing records. We also noted not all 1099 Forms were forwarded to the Village from various sources. Finally, we noted not all 1099 Forms contained provider names that agreed to the Village's receipts. This could result in the Village not receiving all receipts for services provided and could result in inaccurate financial statement presentation.

We recommend emergency medical service and Village personnel record collections with sufficient detail to permit a reconciliation of 1099 Forms to vendor payments and perform this reconciliation annually when 1099 Forms are received. To aid in this procedure, we also recommend all 1099 Forms be forwarded to the Village and provider names are agreed to the Village's receipts.

Officials' Responses: We did not receive a response from Officials to the findings reported above.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 5705.41(D)(1) – not always certifying availability of funds prior to incurring an expenditure.	No	Not Corrected; Repeated as Finding No. 2008-001.
2007-002	Significant Deficiency – no reconciliation of vendor Form 1099's to the EMS squad receipts.	No	Not Corrected; Repeated as Finding No. 2008-002.



Mary Taylor, CPA
Auditor of State

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
MAY 7, 2009**