



**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1998-1997**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Shadyside  
Belmont County  
50 E. 39<sup>th</sup> 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, 1998 and December 31, 1997. 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, 1998 and December 31, 1997, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2000, 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.

This report is intended solely for the information and use of management, 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

January 30, 2000



**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, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$289,547	\$52,141			\$8,467	\$350,155
Special Assessments			\$150			150
Intergovernmental Receipts	309,262	144,377			103	453,742
Charges for Services	40,018					40,018
Fines, Licenses, and Permits	14,271					14,271
Earnings on Investments	7,035	2,152		\$3,497		12,684
Miscellaneous	46,893	14,562				61,455
<b>Total Cash Receipts</b>	<b>707,026</b>	<b>213,232</b>	<b>150</b>	<b>3,497</b>	<b>8,570</b>	<b>932,475</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	339,010	55,796				394,806
Public Health Services	9,777	33,242				43,019
Leisure Time Activities	36,750					36,750
Community Environment	1,101					1,101
Transportation	68,664	126,007				194,671
General Government	190,238	1,178			190	191,606
Debt Service:						
Financing and Other Debt-Service Related			8			8
Capital Outlay	20,056					20,056
<b>Total Cash Disbursements</b>	<b>665,596</b>	<b>216,223</b>	<b>8</b>	<b>0</b>	<b>190</b>	<b>882,017</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>41,430</b>	<b>(2,991)</b>	<b>142</b>	<b>3,497</b>	<b>8,380</b>	<b>50,458</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In		19,540				19,540
Advances-In	54,597					54,597
Transfers-Out	(18,000)	(4,320)				(22,320)
Advances-Out	(54,597)					(54,597)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(18,000)</b>	<b>15,220</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,780)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>23,430</b>	<b>12,229</b>	<b>142</b>	<b>3,497</b>	<b>8,380</b>	<b>47,678</b>
<b>Fund Cash Balances, January 1</b>	<b>151,188</b>	<b>104,095</b>	<b>4,229</b>	<b>71,115</b>	<b>1,335</b>	<b>331,962</b>
<b>Fund Cash Balances, December 31</b>	<b>\$174,618</b>	<b>\$116,324</b>	<b>\$4,371</b>	<b>\$74,612</b>	<b>\$9,715</b>	<b>\$379,640</b>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH  
DISBURSEMENTS AND, CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$592,586
Total Operating Cash Receipts	592,586
<b>Operating Cash Disbursements:</b>	
Personal Services	185,799
Contractual Services	69,871
Supplies and Materials	105,824
Capital Outlay	54,597
Total Operating Cash Disbursements	416,091
Operating Income/(Loss)	176,495
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	148,275
Total Non-Operating Cash Receipts	148,275
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	310,843
Total Non-Operating Cash Disbursements	310,843
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	13,927
Transfers-In	2,780
Advances-In	54,597
Advances-Out	(54,597)
Net Receipts Over/(Under) Disbursements	16,707
Fund Cash Balances, January 1	476,143
<b>Fund Cash Balances, December 31</b>	<b>\$492,850</b>

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



**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, 1997**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$288,749	\$52,750			\$7,827	\$349,326
Special Assessments			\$1,182			1,182
Intergovernmental Receipts	288,698	217,984			1,331	508,013
Charges for Services	25,816					25,816
Fines, Licenses, and Permits	15,078					15,078
Earnings on Investments	6,291	2,110		\$3,085		11,486
Miscellaneous	11,210					11,210
<b>Total Cash Receipts</b>	<b>635,842</b>	<b>272,844</b>	<b>1,182</b>	<b>3,085</b>	<b>9,158</b>	<b>922,111</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	310,532	56,580			8,746	375,858
Public Health Services	9,668	71,198				80,866
Leisure Time Activities	35,368	22,784				58,152
Community Environment	1,101					1,101
Transportation	89,775	100,050				189,825
General Government	163,659				198	163,857
Debt Service:						
Principal Payments			7,955			7,955
Financing and Other Debt-Service Related			61			61
<b>Total Cash Disbursements</b>	<b>610,103</b>	<b>250,612</b>	<b>8,016</b>	<b>0</b>	<b>8,944</b>	<b>877,675</b>
Total Cash Receipts Over/(Under) Cash Disbursements	25,739	22,232	(6,834)	3,085	214	44,436
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	325	2,008				2,333
Transfers-Out		(8,741)				(8,741)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>325</b>	<b>(6,733)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,408)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	26,064	15,499	(6,834)	3,085	214	38,028
Fund Cash Balances, January 1	125,124	88,596	11,063	68,030	1,121	293,934
<b>Fund Cash Balances, December 31</b>	<b>\$151,188</b>	<b>\$104,095</b>	<b>\$4,229</b>	<b>\$71,115</b>	<b>\$1,335</b>	<b>\$331,962</b>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH  
DISBURSEMENTS AND, CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$562,652
Miscellaneous	<u>10,015</u>
Total Operating Cash Receipts	<u>572,667</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	189,420
Contractual Services	90,535
Supplies and Materials	117,046
Capital Outlay	<u>6,114</u>
Total Operating Cash Disbursements	<u>403,115</u>
Operating Income/(Loss)	<u>169,552</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>103,690</u>
Total Non-Operating Cash Receipts	<u>103,690</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	<u>201,167</u>
Total Non-Operating Cash Disbursements	<u>201,167</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	72,075
Transfers-In	6,733
Transfers-Out	<u>(325)</u>
Net Receipts Over/(Under) Disbursements	78,483
Fund Cash Balances, January 1	<u>397,660</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$476,143</u></u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997**

**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, fire protection and emergency medical services. The Village contracts with the Shadyside Volunteer Fire Department to provide fire and emergency medical 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.

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 overnight sweep account are valued at cost.

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 that is 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 Funds**

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.

FEMA Fund - This fund receives grant money and used to pay for costs incurred from flooding.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) loans.

**4. Capital Project Funds**

These funds are 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 Project Fund:

General Street Assessment - This fund receives interest revenue from a certificate of deposit and the principal and interest earned is to be used for general street repairs.

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

Sewer 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 trust. The Village had the following significant Fiduciary Fund:

Police Pension Fund - This expendable trust fund receives tax money to pay for a past fund liability.

**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, 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.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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. The Village did not use the encumbrance method of accounting.

A summary of 1998 and 1997 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 leaving employment. 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**

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

	<u>1998</u>	<u>1997</u>
Demand deposits	\$ 482,745	\$ 365,152
Certificate of Deposits	389,745	442,953
Total Deposits	\$ 872,490	\$ 808,105

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1998 and December 31, 1997 follows:

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 600,000	\$ 707,026	\$ 107,026
Special Revenue	254,670	232,772	(21,898)
Debt Service	10,000	150	(9,850)
Capital Projects	1,500	3,497	1,997
Enterprise	1,026,835	743,641	(283,194)
Fiduciary	8,500	8,570	70
Total	<u>\$ 1,901,505</u>	<u>\$ 1,695,656</u>	<u>\$ (205,849)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 751,188	\$ 683,596	\$ 67,592
Special Revenue	358,766	220,543	138,223
Debt Service	14,229	8	14,221
Capital Projects	72,614	0	72,614
Enterprise	1,502,978	726,934	776,044
Fiduciary	9,836	190	9,646
Total	<u>\$ 2,709,611</u>	<u>\$ 1,631,271</u>	<u>\$ 1,078,340</u>

1997 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 570,000	\$ 636,167	\$ 66,167
Special Revenue	240,800	274,852	34,052
Debt Service	10,000	1,182	(8,818)
Capital Projects	3,000	3,085	85
Enterprise	956,000	683,090	(272,910)
Fiduciary	10,000	9,158	(842)
Total	<u>\$ 1,789,800</u>	<u>\$ 1,607,534</u>	<u>\$ (182,266)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1997 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 695,124	\$ 610,103	\$ 85,021
Special Revenue	406,458	259,353	147,105
Debt Service	8,093	8,016	77
Capital Project	84,000	0	84,000
Enterprise	1,360,656	604,607	756,049
Fiduciary	11,121	8,944	2,177
Total	\$ 2,565,452	\$ 1,491,023	\$ 1,074,429

The Village made disbursements without first obtaining the Village Clerk's certification, contrary to Ohio Revised Code Section 5705.41 (D). The Village did not use purchase orders or the encumbrance method of accounting during the last two years, contrary to Ohio Administrative Code Section 117-5-11 (C). Also, the Village during 1997 had funds with appropriations in excess of estimated resources, contrary to Ohio Revised Code Section 5705.39.

**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 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.

**5. DEBT**

Debt outstanding at December 31, 1998 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #1	\$ 396,445	9.0%
Ohio Water Development Authority Loan #2	45,243	9.0%
Ohio Water Development Authority Loan #3	97,133	9.0%
Ohio Water Development Authority Loan #4	380,301	6.9%
Ohio Public Works Commission Loan #1	76,913	2.0%
Ohio Public Works Commission Loan #2	260,000	2.0%
Total	\$ 1,256,035	

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

**5. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loans #1 to #3 relate to water and sewer improvements. OWDA loan #4 was for water tank improvements and will be repaid in semiannual installments of \$19,623, over 20 years. Ohio Public Works Commission (OPWC) loan #1 relates to sewer improvements and will be repaid in semiannual installments of \$6,834 over 9.5 years. OPWC loan #2 was approved for a \$260,000 line of credit for the Daisy Run Sewer rehabilitation. As of December 31, 1998, the Village had used \$228,770 of the line of credit. The loan will be repaid in semiannual installments of \$14,408, including interest, over 10 years. 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.

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

Year ending December 31:	OWDA Loans	OPWC Loans
1999	\$ 134,898	\$ 30,285
2000	134,898	42,483
2001	134,898	42,483
2002	134,898	42,483
2003	134,898	42,483
Subsequent	786,110	172,155
Total	\$ 1,460,600	\$ 372,372

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Fund (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 1998 and 1997, members of PFDPF contributed 10% of their gross salaries to the PFDPF. The Village contributed an amount equal to 19.5% of their gross salaries. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1998.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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





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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 E. 39<sup>th</sup> 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, 1998 and December 31, 1997, and have issued our report thereon dated January 30, 2000. 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 1998-31056-001, 1998-31056-002, and 1998-31056-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated January 30, 2000.

### 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 January 30, 2000.

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 and 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

January 30, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1997**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1998-31056-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(D)(1) states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. Further, contracts and orders for expenditure lacking prior certification shall be null and void.

This section provides an exception to the above requirements:

Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than one thousand dollars, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "Then and Now" certificate, provided that such expenditure is otherwise valid. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village did not obtain the Clerk's prior certification for any transactions we reviewed, nor did they obtain a "Then and Now" certificate.

We recommend that the Village obtain the Clerk's prior certification or obtain a "Then and Now" certificate for all disbursements.

**FINDING NUMBER 1998-31056-002**

**Noncompliance Citation**

Ohio Admin. Code § 117-5-11(C) requires each expenditure or encumbrance charged against an appropriation account be posted and subtracted from the appropriated balance producing a declining unencumbered balance. This procedure is to be initiated by an executed purchase order. The name of the vendor or payee as it appears on the purchase order is entered in the "debit" column and also subtracted from the unencumbered balance.

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1997**

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

(Continued)

**FINDING NUMBER 1998-31056-002**

(Continued)

When the invoice is received from the vendor or payee and a warrant written to meet the obligation, the name of the vendor or payee is again entered and the amount of the warrant is entered in the "amount of warrant" column. If the amount encumbered and the amount of the warrant are exactly the same, no other entry is made. However, if the amount entered to the "debit" column (this is the same amount subtracted from the unencumbered balance) is different from the amount of the warrant, an adjustment must be made. The amount of the warrant is entered in the "amount of warrant" column; if the warrant amount is less than the amount entered in the "debit" column, the difference shall be entered in the "credit" column and added to the unencumbered balance column. If there is a standing order or if the invoice is to be paid at the time the purchase order is written, then the name of the vendor or payee is entered and the amount to be paid is entered in the "amount of warrant" column, in the "debit" column, and subtracted from the unencumbered balance.

The Village did not use purchase orders or the encumbrance method of accounting.

We recommend that all checks and obligations be encumbered and encumbrances be posted to the appropriations ledger.

**FINDING NUMBER 1998-31056-003**

**Noncompliance Citation**

Ohio Rev. Code § 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the appropriations from each fund do not exceed the total official certificate.

For the year ended December 31, 1997, there were actual disbursements that exceeded appropriations as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Appalachian Park Fund	\$0	\$23,171	(\$23,171)
FEMA Fund	42,765	96,656	(53,891)
Water Fund	259,972	260,297	(325)

We recommend that the Clerk amend the certificate of estimated resources or modify total appropriations with the County Budget Commission whenever appropriations exceed certified resources.



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  
MARCH 21, 2000**