



Dave Yost • Auditor of State

VILLAGE OF SHADYSIDE
BELMONT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Shadyside, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Shadyside, Belmont County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, at December 31, 2013, the Special Revenue Fund Type fund balance was restated to reflect the activity of the Law Enforcement Trust Fund not previously reported on the financial statements.

Other Matter

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

July 13, 2016

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**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$276,834	\$142,179	\$0	\$0	\$419,013
Intergovernmental	201,480	1,079,414	0	0	1,280,894
Charges for Services	13,906	0	0	0	13,906
Fines, Licenses and Permits	6,412	2,800	0	0	9,212
Earnings on Investments	7,763	1,600	0	0	9,363
Miscellaneous	5,599	0	0	0	5,599
<i>Total Cash Receipts</i>	<u>511,994</u>	<u>1,225,993</u>	<u>0</u>	<u>0</u>	<u>1,737,987</u>
Cash Disbursements					
Current:					
Security of Persons and Property	270,258	126,718	0	0	396,976
Public Health Services	13,374	0	0	0	13,374
Leisure Time Activities	5,179	2,597	0	0	7,776
Transportation	30,153	160,232	0	0	190,385
General Government	210,514	2,959	0	0	213,473
Capital Outlay	140,651	1,018,872	0	37	1,159,560
<i>Total Cash Disbursements</i>	<u>670,129</u>	<u>1,311,378</u>	<u>0</u>	<u>37</u>	<u>1,981,544</u>
<i>Net Change in Fund Cash Balances</i>	(158,135)	(85,385)	0	(37)	(243,557)
<i>Fund Cash Balances, January 1</i>	<u>784,426</u>	<u>648,152</u>	<u>4,511</u>	<u>31,662</u>	<u>1,468,751</u>
Fund Cash Balances, December 31					
Restricted	0	562,767	4,511	31,625	598,903
Unassigned	626,291	0	0	0	626,291
<i>Fund Cash Balances, December 31</i>	<u>\$626,291</u>	<u>\$562,767</u>	<u>\$4,511</u>	<u>\$31,625</u>	<u>\$1,225,194</u>

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$725,754	\$0	\$725,754
<i>Total Operating Cash Receipts</i>	<u>725,754</u>	<u>0</u>	<u>725,754</u>
Operating Cash Disbursements			
Personal Services	221,803	0	221,803
Employee Fringe Benefits	91,373	0	91,373
Contractual Services	157,839	0	157,839
Supplies and Materials	246,040	0	246,040
Other	5,380	0	5,380
<i>Total Operating Cash Disbursements</i>	<u>722,435</u>	<u>0</u>	<u>722,435</u>
<i>Operating Income</i>	<u>3,319</u>	<u>0</u>	<u>3,319</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	2,407	0	2,407
Other Non-Operating Cash Receipts	0	11,886	11,886
Miscellaneous Receipts	1,229	0	1,229
Principal Retirement	(124,661)	0	(124,661)
Interest and Other Fiscal Charges	(34,710)	0	(34,710)
Other Non-Operating Cash Disbursements	0	(11,601)	(11,601)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(155,735)</u>	<u>285</u>	<u>(155,450)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(152,416)</u>	<u>285</u>	<u>(152,131)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,590,026</u>	<u>575</u>	<u>1,590,601</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,437,610</u></u>	<u><u>\$860</u></u>	<u><u>\$1,438,470</u></u>

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$276,136	\$140,292	\$0	\$0	\$416,428
Intergovernmental	184,297	211,742	0	49,750	445,789
Charges for Services	15,919	0	0	0	15,919
Fines, Licenses and Permits	7,732	2,748	0	0	10,480
Earnings on Investments	7,515	1,782	0	0	9,297
Miscellaneous	212,524	5,171	0	0	217,695
<i>Total Cash Receipts</i>	<u>704,123</u>	<u>361,735</u>	<u>0</u>	<u>49,750</u>	<u>1,115,608</u>
Cash Disbursements					
Current:					
Security of Persons and Property	316,518	144,318	0	0	460,836
Public Health Services	6,736	0	0	0	6,736
Leisure Time Activities	24,203	0	0	0	24,203
Transportation	32,992	151,669	0	0	184,661
General Government	243,832	1,927	0	0	245,759
Capital Outlay	0	110,583	0	49,750	160,333
Debt Service:					
Principal Retirement	9,998	0	0	0	9,998
Interest and Fiscal Charges	893	0	0	0	893
<i>Total Cash Disbursements</i>	<u>635,172</u>	<u>408,497</u>	<u>0</u>	<u>49,750</u>	<u>1,093,419</u>
<i>Net Change in Fund Cash Balances</i>	68,951	(46,762)	0	0	22,189
<i>Fund Cash Balances, January 1 (Restated, see Note 2)</i>	<u>715,475</u>	<u>694,914</u>	<u>4,511</u>	<u>31,662</u>	<u>1,446,562</u>
Fund Cash Balances, December 31					
Restricted		648,152	4,511	31,662	684,325
Unassigned	784,426				784,426
<i>Fund Cash Balances, December 31</i>	<u>\$784,426</u>	<u>\$648,152</u>	<u>\$4,511</u>	<u>\$31,662</u>	<u>\$1,468,751</u>

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$844,461	\$0	\$844,461
<i>Total Operating Cash Receipts</i>	<u>844,461</u>	<u>0</u>	<u>844,461</u>
Operating Cash Disbursements			
Personal Services	170,021	0	170,021
Employee Fringe Benefits	66,060	0	66,060
Contractual Services	129,429	0	129,429
Supplies and Materials	196,862	0	196,862
Other	2,697	0	2,697
<i>Total Operating Cash Disbursements</i>	<u>565,069</u>	<u>0</u>	<u>565,069</u>
<i>Operating Income</i>	<u>279,392</u>	<u>0</u>	<u>279,392</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	4,120	0	4,120
Other Debt Proceeds	43,162	0	43,162
Other Non-Operating Cash Receipts	0	10,361	10,361
Miscellaneous Receipts	2,633	0	2,633
Capital Outlay	(43,162)	0	(43,162)
Principal Retirement	(207,648)	0	(207,648)
Interest and Other Fiscal Charges	(68,353)	0	(68,353)
Other Non-Operating Cash Disbursements		(10,657)	(10,657)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(269,248)</u>	<u>(296)</u>	<u>(269,544)</u>
<i>Income (Loss) before Transfers</i>	10,144	(296)	9,848
Transfers In	536,614	0	536,614
Transfers Out	(536,614)	0	(536,614)
<i>Net Change in Fund Cash Balances</i>	10,144	(296)	9,848
<i>Fund Cash Balances, January 1</i>	<u>1,579,882</u>	<u>871</u>	<u>1,580,753</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,590,026</u></u>	<u><u>\$575</u></u>	<u><u>\$1,590,601</u></u>

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, 2015 AND 2014**

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, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

The Village is involved with Bel-O-Mar Regional Council, Eastern Ohio Regional Transit Authority and the OR&W Fire District, which are defined as jointly-governed organizations. Note 10 to the financial statements provides additional information for these entities. The Village also participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Police Levy Fund – This fund receives property tax money to provide police services.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Loop Project Fund - This fund received federal grant money from the Ohio Department of Transportation for construction and improvements within the Village.

Swamberg Trust Special Revenue Fund – This fund receives interest with the principal of the trust and interest to be used for the betterment of the Village, excluding general operations.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. There was no activity in the debt service funds for the period January 1, 2014 through December 31, 2015.

4. Capital Project Funds

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

Other Capital Projects Fund - This fund received grant and loan proceeds from the Ohio Public Works Commission for the construction of storm sewers within the Village in prior years.

Central Avenue Fund - This fund received grant proceeds from the Ohio Public Works Commission and County Permissive Motor Vehicle License Tax for improvements on Central Avenue.

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

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

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

**VILLAGE OF SHADYSIDE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

6. Fiduciary Funds (Continued)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the activity of the Village's Mayor's Court.

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 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.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

E. Fund Balance

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

1. Restricted

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

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

2. Unassigned

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

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

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. RESTATEMENT OF FUND BALANCE

Fund balance was restated by the Village to reflect the activity of the Law Enforcement Trust Fund, Special Revenue Fund Type on the financial statements as of December 31, 2013. This activity was not previously reported on the financial statements by the Village. Reflecting the Law Enforcement Trust Fund activity had the following effect on fund balance at January 1, 2014:

Fund Type	Fund Balance at 12/31/13	Law Enforcement Trust Fund Activity	Restated Fund Balance at 1/1/14
Special Revenue	\$684,263	\$10,651	\$694,914

3. EQUITY IN POOLED DEPOSITS

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

	2015	2014
Demand deposits	\$2,663,664	\$3,059,352

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

**VILLAGE OF SHADYSIDE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014, follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$528,332	\$511,994	(\$16,338)
Special Revenue	1,168,531	1,225,993	57,462
Enterprise	955,000	729,390	(225,610)
Total	\$2,651,863	\$2,467,377	(\$184,486)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,312,615	\$670,129	\$642,486
Special Revenue	1,802,622	1,311,378	491,244
Debt Service	4,511	0	4,511
Capital Projects	31,662	37	31,625
Enterprise	2,544,219	881,806	1,662,413
Total	\$5,695,629	\$2,863,350	\$2,832,279

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$529,889	\$704,123	\$174,234
Special Revenue	269,694	361,735	92,041
Capital Projects	49,750	49,750	0
Enterprise	1,357,882	1,430,990	73,108
Total	\$2,207,215	\$2,546,598	\$339,383

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,242,750	\$635,172	\$607,578
Special Revenue	933,761	408,497	525,264
Debt Service	4,511	0	4,511
Capital Projects	81,412	49,750	31,662
Enterprise	2,935,591	1,420,846	1,514,745
Total	\$5,198,025	\$2,514,265	\$2,683,760

Contrary to Ohio Rev. Code § 5705.42, 2014 OWDA activity was not recorded on the Village's books.

Contrary to Ohio Rev. Code § 5705.10(C), certain special levy receipts were incorrectly posted to certain funds.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. 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.

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

6. DEBT

Debt outstanding at December 31, 2015, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$524,602	0.00-2%
Ohio Water Development Authority Loans	<u>670,373</u>	1.50-4.79%
Total	<u><u>\$1,194,975</u></u>	

The Ohio Public Works Commission (OPWC) loans relate to storm sewer system replacement and water system improvements payable in semi-annual installments at annual percentage rates of 0% to 2%, with final payment due January 1, 2043. The storm sewer system replacement loan is paid from the General and Sewer Debt Fund. The water system improvements loan is paid from the Water Debt Service Fund and is collateralized by water utility receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) loans relate to a water plant generator, sewer collection system improvements, and reservoir embankment repairs payable in semi-annual installments at annual percentage rates of 1.50% to 4.79%, with final payment due July 1, 2042. The loans are secured by water utility receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF SHADYSIDE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. DEBT (Continued)

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

Year ending December 31:	OPWC Loans	OWDA Loan	Grand Total
2016	\$13,762	\$38,181	\$51,943
2017	27,524	38,181	65,705
2018	27,524	38,181	65,705
2019	27,524	38,181	65,705
2020	27,524	38,181	65,705
2021-2025	115,840	190,907	306,747
2026-2030	83,167	190,907	274,074
2031-2035	83,167	190,907	274,074
2036-2040	83,167	171,785	254,952
2041-2043	41,583	36,540	78,123
Total	<u>\$530,782</u>	<u>\$971,951</u>	<u>\$1,502,733</u>

As of December 31, 2015, the Ohio Water Development Authority (OWDA) approved up to \$3,827,093 in loans to the Village for various projects, including sewer system improvements and water system improvements. The Village will repay the loans in semiannual installments at an annual percentage rate from 1.00% - 1.50%, with final payment due July 1, 2042. As of December 31, 2015, \$3,760,318 plus capitalized interest of \$10,402 is the total amount drawn down on these loans.

These loans are not included in the debt or amortization schedules above as OWDA will adjust the scheduled payments to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

On November 11, 2015, the Village entered into a 3-year \$32,996 capital lease agreement for the purchase of a 2014 Dodge Charger for police operations. No payments have been made as of December 31, 2015.

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OP&F participants contributed 12.25% of their wages from July 1, 2015 to December 31, 2015, 11.5% of their wages from July 1, 2014 to July 13, 2015, and 10.75% of their wages from January 1, 2014 to July 13, 2014. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015 and 2014, 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, 2015.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. RISK MANAGEMENT

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, The Village's share of these unpaid claims collectible in future years is approximately \$16,000.

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

**VILLAGE OF SHADYSIDE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. RISK MANAGEMENT (Continued)

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$24,276	\$25,124

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

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. 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 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.

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.

C. OR&W Fire District (the Fire District) was created by a resolution of both the Village of Shadyside and Mead Township under the authority of Ohio Revised Code § 505.731. The Fire District is operated by a five member board. One member is a member of the Board of Trustees of Mead Township appointed by the Board of Trustees, one member is a member of the Council of the Village of Shadyside appointed by Council, one member is a nonmember of the Board of Trustees of Mead Township appointed by the Board of Trustees, one member is a nonmember of the Council of the Village of Shadyside appointed by Council, and one member is appointed by the existing board members. The Fire District hires and fires its own staff and does not rely on the Village to finance deficits. The Village is not financially accountable for the Fire District nor is the Fire District financially dependent on the Village. The Fire District serves as its own budgeting, taxing and debt issuance authority.

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VILLAGE OF SHADYSIDE
 BELMONT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

FEDERAL GRANTOR/ Pass-Through Grantor Program Title	Pass-through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	PID-86205	20.205	<u>\$872,934</u>
Total Expenditures of Federal Awards			<u><u>\$872,934</u></u>

The Notes to the Schedule of Expenditures of Federal Awards is an integral part of the Schedule.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Shadyside (the Village) under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments (codified in 2 CFR Part 225)* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Shadyside, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated July 13, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted at December 31, 2013, the Special Revenue Fund Type balance was restated to reflect the activity of the Law Enforcement Trust Fund not previously reported on the financial statements.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2015-001 through 2015-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2015-001 and 2015-002.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

July 13, 2016



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Shadyside's, Belmont County, Ohio (the Village), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Village's major federal program.

Management's Responsibility

The Village's management is responsible for complying with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

July 13, 2016

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015 AND 2014

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): Highway Planning and Construction - CFDA #20.205	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2015-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.42 states when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of § 5705.41 of the Revised Code.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-001 (Continued)

Noncompliance and Material Weakness - Ohio Rev. Code § 5705.42 (Continued)

Auditor of State (AOS) Bulletin 2000-008 provides guidance for cash basis accounting for on-behalf funding. In short, the Bulletin indicates that when a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made. In addition, the applicable budgetary legal requirements should be followed for the program the same as if the moneys were received and expended by the local government. Ohio Rev. Code § 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

During 2014, the Village received Ohio Water Development Authority (OWDA) money for a loan for water and sewer system improvements in the amount of \$43,162. The Fiscal Officer did not record an appropriation and an on-behalf of receipt and expenditure in the accounting system for this amount.

The Village adjusted the accompanying financial statements and Note 4 to the financial statements to properly reflect the on-behalf of receipt and expenditure activity and the appropriation amounts of the loan/grant monies received from OWDA.

When the Village receives a grant or loan from the state or other subdivision the Fiscal Officer should record the "deemed appropriated" amount to the accounting records. The Village should also refer to AOS Bulletins 2000-008 and 2002-004 and follow the recommended accounting treatment for the OWDA funding expended directly to contractors on-behalf of the Village, whether a grant or a loan.

FINDING NUMBER 2015-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(C) states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

Ohio Rev. Code § 5705.10(D) states, in part, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. All revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

We noted the following in 2015:

- Permissive Motor Vehicle License Tax receipts in the amount of \$2,596 were posted to Street Construction Maintenance and Repair Fund instead of the Permissive Vehicle License Tax State Fund.
- General Fund Capital Outlay expenditures in the amount of \$4,372 were posted to the Other Financing Uses line item within the Special Assessment 43/48 Street Fund instead of the General Fund.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-002 (Continued)

Noncompliance and Material Weakness - Ohio Rev. Code § 5705.10(C) (Continued)

We noted the following in 2014:

- State and Local Government Highway Distribution receipts in the amount of \$3,781 were posted to the Permissive Vehicle License Tax State Fund instead of the Street Construction Maintenance and Repair Fund.
- Permissive Motor Vehicle License tax receipts in the amount of \$6,421 were posted to Street Construction Maintenance and Repair Fund instead of the Permissive Vehicle License Tax State Fund.
- Permissive Motor Vehicle License Tax receipts in the amount of \$1,792 were posted to Permissive Vehicle License Tax County Fund instead of the Permissive Vehicle License Tax State Fund.

The adjustments noted above have been agreed to by Village management and have been posted to the Village's accounting records and are reflected in the accompanying financial statements.

The Village Fiscal Officer should utilize available authoritative resources to appropriately record receipt and expenditure transactions to the correct fund.

FINDING NUMBER 2015-003

Material Weakness – Revenue and Expenditure Posting

All local public offices shall 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 Officer's Handbook (revised March 2016) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Village did not always record receipts and disbursements into accurate classifications, or record all such transactions, based upon the source of the receipt or nature of the disbursement.

We noted the following in 2015:

- Personal property utility monies in the amounts of \$32,426, \$669, and \$5,572 were posted as Property Taxes instead of Intergovernmental within the General, Police Pension, and Police Levy Funds' respectively.
- Capital Outlay expenditures in the amount of \$136,279 were posted to the Transportation line item within the General Fund.
- Capital Outlay expenditures in the amount of \$19,113 were posted to the Transportation line item within the Fema Flood Fund.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-003 (Continued)

Material Weakness – Revenue and Expenditure Posting (Continued)

- Capital Outlay expenditures in the amount of \$37 were posted to the Other Financing Uses line item within the Other Capital Projects Fund.

We noted the following in 2014:

- A County Permissive Motor Vehicle License Tax receipt in the amount of \$12,450 was posted as Property Taxes instead of Intergovernmental within the Central Avenue Project Fund.
- An Ohio Public Works Commission receipt in the amount of \$37,300 was posted as Miscellaneous Revenue instead of Intergovernmental within the Central Avenue Project Fund.

The adjustments with which the Village officials' agree reflected within the accompanying financial statements.

The Village should utilize available authoritative resources to appropriately classify and record all receipt and disbursement transactions.

Officials' Response: 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, 2015 and 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code § 5705.42 regarding not posting on-behalf-of loan activity.	No	Not Corrected; Re-issued as Finding No. 2015-001.
2013-002	Significant Deficiency - regarding incorrect posting of receipts and disbursements.	No	Not Corrected; Re-Issued as Finding No. 2015-003.

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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
AUGUST 23, 2016**