

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**



GUEYE & ASSOCIATES, CPA, INC.

2246 S. Hamilton Rd. Suite 102
Columbus, OH 43232

Tel: 614-342-0297
Fax: 614-423-6615
www.gueyecpa.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Members of the Council
Village of Shadyside
50 East 39th Street
Shadyside, OH 43947

We have reviewed the *Independent Auditor's Report* of the Village of Shadyside, Belmont County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Shadyside is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 08, 2022

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**VILLAGE OF SHADYSIDE
BELMONT COUNTY
DECEMBER 31, 2021 AND 2020
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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Shadyside, Belmont County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021, and December 31, 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type, and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and December 31, 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021, and December 31, 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

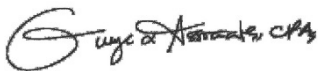
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Columbus, Ohio
June 30, 2022

Village of Shadyside, Ohio
Belmont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 322,606	\$ 212,359			\$ 534,965
Intergovernmental	177,990	445,707			623,697
Charges for Services	3,597	-			3,597
Fines, Licenses and Permits	12,044	-			12,044
Earnings on Investments	2,491	326			2,817
Miscellaneous	16,372	2,843			19,215
<i>Total Cash Receipts</i>	<u>535,100</u>	<u>661,235</u>	<u>-</u>	<u>-</u>	<u>1,196,335</u>
Cash Disbursements					
Current:					
Security of Persons and Property	316,969	258,933			575,902
Public Health Services	9,874	-			9,874
Leisure Time Activities	-	4,526			4,526
Transportation	64,922	191,946			256,868
General Government	196,286	3,938			200,224
Capital Outlay	-	45,975			45,975
Debt Service:					
Principal Retirement	-	14,929	-	-	14,929
<i>Total Cash Disbursements</i>	<u>588,051</u>	<u>520,247</u>	<u>-</u>	<u>-</u>	<u>1,108,298</u>
<i>Net Change in Fund Cash Balances</i>	(52,951)	140,988	-	-	88,037
<i>Fund Cash Balances, January 1</i>	<u>510,941</u>	<u>561,453</u>	<u>4,511</u>	<u>1,932</u>	<u>1,078,837</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 457,990</u>	<u>\$ 702,441</u>	<u>\$ 4,511</u>	<u>\$ 1,932</u>	<u>\$ 1,166,874</u>

See accompanying notes to the basic financial statements

Village of Shadyside, Ohio
Belmont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Proprietary Funds Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,205,581
<i>Total Operating Cash Receipts</i>	<i>1,205,581</i>
Operating Cash Disbursements	
Personal Services	242,372
Employee Fringe Benefits	145,897
Contractual Services	250,484
Supplies and Materials	220,589
Other	31,002
<i>Total Operating Cash Disbursements</i>	<i>890,344</i>
<i>Operating Income (Loss)</i>	<i>315,237</i>
Non-Operating Receipts (Disbursements)	
Special Assessment	1,611
Miscellaneous Receipts	6,337
Capital Outlay	(17,774)
Principal Retirement	(254,058)
Interest and Other Fiscal Charges	(66,997)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(330,881)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(15,644)</i>
<i>Fund Cash Balances, January 1</i>	<i>996,774</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 981,130</i>

See accompanying notes to the basic financial statements

Village of Shadyside, Ohio
Belmont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	Fiduciary Funds Type
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 9,146
Amounts Received as Fiscal Agent	25,004
<i>Total Additions</i>	34,150
Deductions	
Distributions as Fiscal Agent	25,004
Distributions to Other Governments	1,003
Distributions to Other Funds (Primary Gov't)	9,502
<i>Total Deductions</i>	35,509
<i>Net Change in Fund Balances</i>	(1,359)
<i>Fund Cash Balances, January 1</i>	1,924
<i>Fund Cash Balances, December 31</i>	\$ 565

See accompanying notes to the basic financial statements

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

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

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

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 12 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 6 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair Fund: The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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, 2021 through December 31, 2021.

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. There was no activity in the capital project funds for the period January 1, 2021, through December 31, 2021.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

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.

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, and the Hillview Park Recreation Fund.

Basis of Accounting

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

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

Budgetary Process

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

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

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.

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 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Non-spendable: The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

Committed: Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$534,626	\$535,100	\$474
Special Revenue	480,276	661,235	180,959
Enterprise	1,333,000	1,213,529	(119,471)
Total	\$2,347,902	\$2,409,864	\$61,962

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$785,000	\$589,613	\$195,387
Special Revenue	835,425	520,272	315,153
Debt Service	4,511	0	4,511
Capital Projects	1,932	0	1,932
Enterprise	2,030,237	1,235,406	794,831
Total	\$3,657,105	\$2,345,291	\$1,311,814

Note 4 – 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:

	2021
Demand deposits	\$2,148,569

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Note 6 - Risk Management

Workers' Compensation

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

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (the latest information available):

	<u>2020</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Ohio Police and Fire Retirement System:

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

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

Social Security

Several of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$479,922	0-2%
Ohio Water Development Authority Loans	3,399,377	1-4.79%
Total	\$3,879,299	

The Ohio Public Works Commission (OPWC) Loans relate to storm sewer replacement, water system improvements, and street repairs, 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 Sewer Debt Fund. The water system improvements loan is paid from the Water Debt Service Fund and is collateralized by water utility receipts. The street repair loan is paid from the Street fund. 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, water meter replacement, sewer collection system improvements, and reservoir embankment repairs payable in semi-annual installments at annual percentage rates of 1.00% to 4.79%, with final payment due July 1, 2042. As of December 31, 2021, the entire amount of the OWDA Water Meter Replacement loan has not been drawn down and is not included in the amortization schedule below. The Village made the first payment on December 10, 2019, for the pay date of January 1, 2020. The loans are secured by water and sewer utility receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year Ending December 31:	OPWC Loan	OWDA Loan
2022	\$37,631	\$109,642
2023	32,031	219,332
2024	26,586	219,401
2025	26,586	219,474
2026	26,586	219,550
2027-2031	132,929	1,099,026
2032-2036	98,095	573,126
2037-2041	83,167	537,866
2042-2046	16,633	94,651
Total	\$480,244	\$3,292,068

Note 10 – Construction and Contractual Commitments

The Village issued debt through the Ohio Water Development Authority to replace water meters. As of December 31, 2021, there was \$109,125 in undisbursed funds related to this project.

Note 11 – Contingent Liabilities

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

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.

Note 12 – 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.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

		Special	Debt	Capital	
Fund Balances	General	Revenue	Service	Projects	Total
Nonspendable:					
Unclaimed Monies	\$ -	\$ -	\$ -	\$ -	\$ -
Corpus	-	-	-	-	-
Outstanding Encumbrances	1,562	25	-	-	1,587
<i>Total</i>	<u>\$ 1,562</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,587</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2021 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Shadyside, Ohio
Belmont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 329,874	\$ 218,690	\$ -	\$ -	\$ 548,564
Intergovernmental	176,930	1,116,738	-	-	1,293,668
Charges for Services	5,500	-	-	-	5,500
Fines, Licenses and Permits	12,331	-	-	-	12,331
Earnings on Investments	6,715	805	-	-	7,520
Miscellaneous	52,644	-	-	-	52,644
<i>Total Cash Receipts</i>	<u>583,994</u>	<u>1,336,233</u>	<u>-</u>	<u>-</u>	<u>1,920,227</u>
Cash Disbursements					
Current:					
Security of Persons and Property	356,658	202,332	-	-	558,990
Public Health Services	10,080	38,471	-	-	48,551
Leisure Time Activities	-	4,426	-	-	4,426
Transportation	38,133	205,078	-	-	243,211
General Government	206,481	268,624	-	-	475,105
Capital Outlay	-	714,021	-	-	714,021
<i>Total Cash Disbursements</i>	<u>611,352</u>	<u>1,432,952</u>	<u>-</u>	<u>-</u>	<u>2,044,304</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(27,358)</u>	<u>(96,719)</u>	<u>-</u>	<u>-</u>	<u>(124,077)</u>
Non-Operating Receipts (Disbursements)					
Advance In	38,787	38,787	-	-	77,574
Advance Out	(38,787)	(38,787)	-	-	(77,574)
Loan Proceeds	-	129,382	-	-	129,382
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>-</u>	<u>129,382</u>	<u>-</u>	<u>-</u>	<u>129,382</u>
<i>Net Change in Fund Cash Balances</i>	<u>(27,358)</u>	<u>32,663</u>	<u>-</u>	<u>-</u>	<u>5,305</u>
<i>Fund Cash Balances, January 1</i>	<u>538,299</u>	<u>528,790</u>	<u>4,511</u>	<u>1,932</u>	<u>1,073,532</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 510,941</u>	<u>\$ 561,453</u>	<u>\$ 4,511</u>	<u>\$ 1,932</u>	<u>\$ 1,078,837</u>

See accompanying notes to the basic financial statements

Village of Shadyside, Ohio
Belmont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,349,963
<i>Total Operating Cash Receipts</i>	<i>1,349,963</i>
Operating Cash Disbursements	
Personal Services	245,535
Employee Fringe Benefits	146,922
Contractual Services	478,724
Supplies and Materials	307,442
Other	19,744
<i>Total Operating Cash Disbursements</i>	<i>1,198,367</i>
<i>Operating Income (Loss)</i>	<i>151,596</i>
Non-Operating Receipts (Disbursements)	
Special Assessment	40,000
Loan Proceeds	39,743
Miscellaneous Receipts	17,452
Capital Outlay	(81,880)
Principal Retirement	(210,486)
Interest and Other Fiscal Charges	(69,588)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(264,759)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(113,163)</i>
<i>Fund Cash Balances, January 1</i>	<i>1,109,937</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 996,774</i>

See accompanying notes to the basic financial statements

Village of Shadyside, Ohio
Belmont County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020

	<u>Fiduciary Funds Type</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 13,281
<i>Total Additions</i>	<u>13,281</u>
Deductions	
Distributions to Other Governments	1,907
Distributions to Other Funds (Primary Gov't)	10,406
<i>Total Deductions</i>	<u>12,313</u>
<i>Net Change in Fund Balances</i>	968
<i>Fund Cash Balances, January 1</i>	<u>956</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,924</u>

See accompanying notes to the basic financial statements

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

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

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

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 12 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 6 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair Fund: The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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, 2020 through December 31, 2020.

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. There was no activity in the capital project funds for the period January 1, 2020, through December 31, 2020.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

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.

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.

Basis of Accounting

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

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

Budgetary Process

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

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

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.

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 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Non-spendable: The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

Committed: Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$534,626	\$583,994	\$49,368
Special Revenue	1,339,405	1,465,615	126,210
Enterprise	1,202,318	1,447,158	244,840
Total	\$3,076,349	\$3,496,767	\$420,418

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$804,000	\$611,352	\$192,648
Special Revenue	1,707,951	1,432,952	274,999
Debt Service	4,511	0	4,511
Capital Projects	1,932	0	1,932
Enterprise	1,725,826	1,560,321	165,505
Total	\$4,244,220	\$3,604,625	\$639,595

Note 4 – 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:

	2020
Demand deposits	\$2,077,535

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Note 6 - Risk Management

Workers' Compensation

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

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31 (the latest information available):

	<u>2020</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Ohio Police and Fire Retirement System:

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2020.

Social Security

Several of the Village’s employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$548,586	0-2%
Ohio Water Development Authority Loans	3,599,700	1-4.79%
Total	\$4,148,286	

The Ohio Public Works Commission (OPWC) Loans relate to storm sewer replacement, water system improvements, and street repairs, 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 Sewer Debt Fund. The water system improvements loan is paid from the Water Debt Service Fund and is collateralized by water utility receipts. The street repair loan is paid from the Street fund. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Ohio Water Development Authority (OWDA) loans relate to a water plant generator, water meter replacement, sewer collection system improvements, and reservoir embankment repairs payable in semi-annual installments at annual percentage rates of 1.00% to 4.79%, with final payment due July 1, 2042. As of December 31, 2020, the entire amount of the OWDA Water Meter Replacement loan has not been drawn down and is not included in the amortization schedule below. The Village made the first payment on December 10, 2019, for the pay date of January 1, 2020. The loans are secured by water and sewer utility receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year Ending December 31:	OPWC Loan	OWDA Loan
2021	\$37,477	\$109,610
2022	37,477	219,266
2023	37,477	219,332
2024	32,031	219,401
205	26,586	219,474
2026-2030	132,929	1,098,587
2031-2035	113,024	678,257
2036-2040	83,167	556,476
2041-2045	49,900	190,900
Total	\$550,068	\$3,511,303

Note 10 – Construction and Contractual Commitments

The Village issued debt through the Ohio Water Development Authority to replace water meters. As of December 31, 2020, there is \$109,125 in undisbursed funds related to this project.

Note 11 – Contingent Liabilities

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Village’s financial condition.

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.

Note 12 – 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.

Village of Shadyside, Ohio
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

- 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.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2020, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



GUEYE & ASSOCIATES, CPA, INC.

2246 S. Hamilton Rd, Suite 102
Columbus, Ohio 43232

Tel: 614-342-0297
Fax: 614-423-6615
www.gueyecpa.com

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, OH 43947

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and the proprietary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Shadyside, Belmont County (the Village) and have issued our report thereon dated June 30, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items No. 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

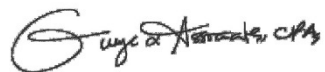
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-003.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Columbus, Ohio
June 30, 2022

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness – Material misclassifications

In our audit engagement letter, as required by AU-C Section 210, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs. A14 & A16.

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 Ohio Village Handbook 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 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 properly post all receipts and expenditures. Amounts were not always posted to the correct fund and/or line item. The following errors were noted:

We noted the following in 2021:

- Homestead Rollbacks revenues in the amounts of \$49,092, \$27,502, \$2,491, and \$9,863 were receipted as Property and Other Local Taxes, instead of Intergovernmental Revenues, in the General, Permissive Motor Vehicle License Tax – State, Police Pension, and Policy Levy Funds, respectively.
- Grant revenues in the amount of \$6,988 received from the State were receipted as Miscellaneous Revenues in the General Fund.

We noted the following in 2020:

- Homestead Rollbacks revenues in the amounts of \$24,827, \$25,173, and \$1,259, and \$5,156 were receipted as Property and Other Local Taxes, instead of Intergovernmental Revenues, in the General, Permissive Motor Vehicle License Tax – State, Police Pension, and Policy Levy Funds, respectively.
- Street repair grants revenues in the amount of \$143,037 received from the County were receipted as Property and Other Local Taxes instead of Intergovernmental Revenues in the Permissive Motor Vehicle License Tax – County Fund.
- Late utility assessments revenues of \$1,611 from the County Auditor were receipted as Property and Other Local Taxes, in lieu of Special Assessment in the Water Operating Fund.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2021-001
(Continued)**

Material Weakness – Material misclassifications (Continued)

Audit adjustments, which were agreed by management, are reflected in the financial statements and in the accounting, records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response: The Village will ensure correct classification in the future.

FINDING NUMBER 2021-002

Material Weakness: Mayor's Court Activities and On-Behalf Payments

In our audit engagement letter, as required by AU-C Section 210, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs. A14 & .A16.

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 Ohio Village Handbook 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 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.

Further, 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.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2021-002
(Continued)**

Material Weakness: Mayor's Court Activities and On-Behalf Payments (Continued)

The Village did not always accurately classify receipts and disbursements to the correct account classification.

For the year ended December 31, 2021, the following errors were noted:

- Mayor's Court financial activity was not included on the Financial Statements filed in the Hinkle System, which resulted in adjustments to Ending Cash Balance in the amount of \$565, Other Non-Operating Cash Disbursements totaling \$10,505, Other Non-Operating Cash Receipts totaling \$9,146, and Beginning Cash Balance totaling \$1,924.

For the year ended December 31, 2020, the following errors were noted:

- Mayor's Court financial activity was not included on the Financial Statements filed in the Hinkle System, which resulted in adjustments to Ending Cash Balance in the amount of \$1,924, Other Non-Operating Cash Disbursements totaling \$12,313, Other Non-Operating Cash Receipts totaling \$13,281, and Beginning Cash Balance totaling \$956.
- OWDA debt proceeds of \$32,218 paid directly to the contractors were not recorded as debt proceeds and its corresponding expenditures as capital outlay.
- OPWC Grant and debt proceeds of \$391,000 and \$129,382, respectively, paid directly to contractors for the Village street repairs were not recorded as debt proceeds and intergovernmental revenues and their corresponding expenditures as capital outlay.
- Principal disbursements of \$50 in the Sewer Debt Service Fund were recorded as Interest payments.

The adjustments above, with which management agrees, are reflected in the accompanying financial statements.

The Village did not have procedures in place to accurately post receipts, disbursements, and fund balance in the correct classification to the accounting system.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Village's financial position and operations.

The Fiscal Officer should refer to the Ohio Village Handbook, and AOS Bulletin 2000-08 for proper receipt, expenditure, fund balance classifications, and on-behalf receipts and expenditures, and take additional care in posting transactions to the Village ledgers in order to ensure the Village's year-end financial statements reflect the appropriate sources and uses of the Village's financial resources.

Officials' Response: The Village will ensure Mayor's Court activities are entered into its accounting system. On-behalf payments will be reviewed and entered as well.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2021-003

Noncompliance: Public Records Policy

Ohio Rev. Code § 149.43(E)(2) provides that every public office must have a policy in place for responding to public records requests. Accordingly, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours.

However, pursuant to **Ohio Rev. Code § 149.43(B)(7)(c)**, the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. For purposes of this division, “commercial” shall be narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research. Additionally, all public offices are required by **Ohio Rev. Code § 149.43(E)(2)** to distribute their Public Records Policy to the employee who is the records custodian/manager of otherwise has custody of the records of that office. Further, **Ohio Rev. Code § 149.43(B)(2)** requires the Village to have available a copy of its current records retention schedule at a location readily available to the public.

In addition, Ohio Rev. Code § 149.43(E)(1) requires all elected officials or their designees to attend public records training approved by the Ohio Attorney General. Training is required to be three hours for every term in office.

The Village does not have a public records policy. This could result in records requests not being fulfilled in accordance with Ohio law. Additionally, the Village has not adopted a formal records retention schedule.

Also, none of the Village elected officials or their designee attended the required public records training.

The Village should establish a public records policy to address the Village’s available records, the times when public records may be inspected, and the costs associated with records requests. The policy should be included in policy manuals and the Public Records Act requires that the policy be displayed conspicuously in all branches of the Village. In addition, the Village should have written evidence that the Public Records Policy was provided to the records custodian/manager. The Village Council should also establish a records retention schedule.

Furthermore, pursuant to **Ohio Rev. Code § 109.43(E)**, the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

The Village elected officials should ensure they attend the public records training as required by the Ohio Revised Code.

Officials’ Response: The Village has started the process of adopting a public records policy and retention policy. The Village will ensure that appropriate officials attend the required trainings.

**VILLAGE OF SHADYSIDE
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Non-Compliance with 5705.10(D) and Material Weakness: Posting of Receipts and Disbursements in incorrect funds	Corrected	
2019-002	Material Weakness: Mayor's Court Postings and Loan Proceeds	Not Corrected	Reissued as Finding # 2021-002
2019-003	Material Weakness: Procedures to accurately post authorized budgetary measures	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SHADYSIDE

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/21/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov