



Mary Taylor, CPA  
Auditor of State



**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets - Cash Basis - December 31, 2006.....	9
Statement of Activities - Cash Basis - For the Year Ended December 31, 2006.....	10
Statement of Cash Basis Assets and Fund Balances - Governmental Funds - December 31, 2006.....	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds - For the Year Ended December 31, 2006.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund - For the Year Ended December 31, 2006.....	13
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Street Construction, Maintenance and Repair Fund - For the Year Ended December 31, 2006.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Fire Apparatus Fund - For the Year Ended December 31, 2006.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Fire Department EMS Fund - For the Year Ended December 31, 2006.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Swamberg Trust Fund - For the Year Ended December 31, 2006.....	17
Statement of Fund Net Assets - Cash Basis - Proprietary Funds -December 31, 2006.....	18
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets - Cash Basis - Proprietary Funds - For the Year Ended December 31, 2006.....	19
Statement of Net Assets - Cash Basis - December 31, 2005.....	20
Statement of Activities - Cash Basis - For the Year Ended December 31, 2005.....	21
Statement of Cash Basis Assets and Fund Balances - Governmental Funds -December 31, 2005.....	22
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds - For the Year Ended December 31, 2005.....	23
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund - For the Year Ended December 31, 2005.....	24

VILLAGE OF SHADYSIDE  
BELMONT COUNTY

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Street Construction, Maintenance and Repair Fund - For the Year Ended December 31, 2005.....	25
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Fire Apparatus Fund - For the Year Ended December 31, 2005.....	26
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Swamberg Trust Fund - For the Year Ended December 31, 2005.....	27
Statement of Fund Net Assets - Cash Basis - Proprietary Funds -December 31, 2005.....	28
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets - Cash Basis - Proprietary Funds - For the Year Ended December 31, 2005.....	29
Notes to the Financial Statements.....	31
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standard</i> .....	45
Schedule of Findings.....	47
Schedule of Prior Audit Findings.....	53



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Shadyside  
Belmont County  
50 East 39<sup>th</sup> Street  
Shadyside, Ohio 43947

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Shadyside, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Shadyside, Belmont County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Street Construction, Maintenance and Repair, Fire Apparatus, Fire Department EMS (2006 only), and Swamberg Trust Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

For the years ended December 31, 2006 and 2005, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

June 1, 2007

Village of Shadyside  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

---

This discussion and analysis of the Village of Shadyside's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Village's cash basis accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Village's financial performance.

**Key Financial Highlights for 2006 are as Follows:**

- Cash of the Village's governmental activities decreased \$89,427 or 6.2% from 2005. This is the result of overall increasing benefit costs and a significant increase in the workers compensation expense.
- Net assets of governmental activities decreased \$89,427 or 6.2%. Net assets of business-type activities increased \$117,229 or 13.7%.
- The General Fund had total receipts of \$693,443 and total expenditures of \$720,884 with a net decrease of \$27,441. The Street Construction, Maintenance and Repair Fund had total receipts of \$162,467 and total expenditures of \$171,004 with a net decrease of \$8,537. The Fire Apparatus Fund had total receipts of \$69,123 and total expenditures of \$457,597 with a net decrease after a lease debt proceed of \$250,000 of \$138,474. (This was a result of a purchase/lease of a fire equipment rescue truck for \$398,673.) The Fire Department EMS Fund had total receipts of \$96,677 and total expenditures of \$20,751 with a net increase of \$75,926. The Swamberg Trust Fund had total receipts of \$17,986 and no expenditures.
- The business-type activity Water Operating Fund had a net operating income of \$47,925. The Sewer Operating Fund had a net operating income of \$5,370. The total of all enterprise funds had a net operating income of \$267,022.

**Key Financial Highlights for 2005 are as Follows:**

- Cash of the Village's governmental activities increased \$212,316 or 17.0% from 2004. This is the result of property tax, intergovernmental revenue and investment income increases.
- Net assets of governmental activities increased \$212,316 or 17.0%. Net assets of business-type activities increased \$119,809 or 16.3%.
- The General Fund had total receipts of \$698,829 and total expenditures of \$615,527 with a net increase of \$83,302. The Street Construction, Maintenance and Repair Fund had total receipts of \$355,862 and total expenditures of \$345,548 with a net increase of \$10,314. The Fire Apparatus Fund had total receipts of \$83,723 and total expenditures of \$80,624 with a net increase of \$3,099. The Swamberg Trust Fund had total receipts of \$10,756 and no expenditures.
- The business-type activity Water Operating Fund had a net operating income of \$65,699. The Sewer Operating Fund had a net operating income of \$21,461. The total of all enterprise funds had a net operating income of \$291,676.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

The statement of net assets and statement of activities provide information about the activities of the Village as a whole.

Village of Shadyside  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

---

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2006 and 2005, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

**Governmental activities.** Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Business-type activities.** The Village has two business-type activities, the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

Village of Shadyside  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

**Reporting the Village's Most Significant Funds**

***Fund Financial Statements***

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

**Governmental Funds** – Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in a separate column. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Proprietary Funds** - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's significant proprietary funds are presented on the financial statements in a separate column. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in the proprietary funds are closely related to those reported in the business-type activities section of the entity-wide statements.

**Reporting the Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a cash basis:

	<b>(Table 1)</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Assets</b>						
Cash	\$1,374,147	\$1,463,574	\$974,736	\$857,507	\$2,348,883	\$2,321,081
Investments	-0-	-0-	-0-	-0-	-0-	-0-
Total Assets	1,374,147	1,463,574	974,736	857,507	2,348,883	2,321,081
<b>Net Assets</b>						
Unrestricted	575,844	603,285	974,736	857,507	1,550,580	1,460,792
Restricted For:						
Other Purposes	760,417	822,403	-0-	-0-	760,417	822,403
Debt Service	4,511	4,511	-0-	-0-	4,511	4,511
Capital Projects	33,375	33,375	-0-	-0-	33,375	33,375
Total Net Assets	<u>1,374,147</u>	<u>\$1,463,574</u>	<u>\$974,736</u>	<u>\$857,507</u>	<u>\$2,348,883</u>	<u>\$2,321,081</u>

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities, business-type activities, and total primary government.

Village of Shadyside  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

(Table 2)  
**Changes in Net Assets**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$134,703	\$125,582	\$723,192	\$722,392	\$857,895	\$847,974
Operating Grants and Contributions	176,700	164,199			176,700	164,199
Capital Grants and Contributions	51,393	235,059			51,393	235,059
<b>Total Program Receipts</b>	<b>362,796</b>	<b>524,840</b>	<b>723,192</b>	<b>722,392</b>	<b>1,085,988</b>	<b>1,247,232</b>
General Receipts:						
Property and Other Local Taxes	489,766	592,400			489,766	592,400
Other Debt Proceeds	250,000				250,000	0
Grants and Entitlements Not Restricted to Specific Programs	213,238	226,752			213,238	226,752
Interest	100,466	40,773			100,466	40,773
Miscellaneous	32,571	20,271	23,338	6,546	55,909	26,817
<b>Total General Receipts</b>	<b>1,086,041</b>	<b>880,196</b>	<b>23,338</b>	<b>6,546</b>	<b>1,109,379</b>	<b>886,742</b>
<b>Total Receipts</b>	<b>1,448,837</b>	<b>1,405,036</b>	<b>746,530</b>	<b>728,938</b>	<b>2,195,367</b>	<b>2,133,974</b>
Disbursements:						
General Government	217,780	179,046			217,780	179,046
Security of Persons and Property:	580,594	504,704			580,594	504,704
Public Health Services	13,904	14,143			13,904	14,143
Leisure Time Activities	39,410	2,469			39,410	2,469
Community Environment	1,213	1,029			1,213	1,029
Transportation	223,684	195,456			223,684	195,456
Capital Outlay	437,284	270,003			437,284	270,003
Principal Retirement	20,429	20,938			20,429	20,938
Interest and Fiscal Charges	3,966	4,932			3,966	4,932
Water Operating			246,895	223,380	246,895	223,380
OWDA Water Tank			50,956	50,956	50,956	50,956
OWDA/OPWC Daisy Run			26,071	26,071	26,071	26,071
Sewer Operating			152,844	141,539	152,844	141,539
Sewer Plant Replacement			60,185	76,813	60,185	76,813
OWDA Sewer Plant			92,350	90,370	92,350	90,370
<b>Total Disbursements</b>	<b>1,538,264</b>	<b>1,192,720</b>	<b>629,301</b>	<b>609,129</b>	<b>2,167,565</b>	<b>1,801,849</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(89,427)</b>	<b>212,316</b>	<b>117,229</b>	<b>119,809</b>	<b>27,802</b>	<b>332,125</b>
Net Assets, January 1	1,463,574	1,251,258	857,507	737,698	2,321,081	1,988,956
<b>Net Assets, December 31</b>	<b>\$1,374,147</b>	<b>\$1,463,574</b>	<b>\$974,736</b>	<b>\$857,507</b>	<b>\$2,348,883</b>	<b>\$2,321,081</b>

Village of Shadyside  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

**The Village as a Whole**

General receipts are made up of local and state taxes, and state and federal grants and entitlements. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, the mayor and clerk/treasurer, and various departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the park; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

The major program disbursements for governmental activities are for transportation and security of persons and property. General government and capital outlay also represent significant costs. Governmental activities are supported through general receipts which are dependent upon property tax receipts and grants and entitlements not restricted to specific programs.

**Business-type Activities**

The water and sewer operation of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age and the Village has begun discussing the need for major repairs and how these will be funded. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

If you look at the Statement of Activities, you will see the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Receipts (Disbursements) column compares the program receipts to the cost of the service. The "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in table 3.

**(Table 3)  
Governmental Activities**

	<u>Total Cost of Services</u> <u>2006</u>	<u>Net Cost of Services</u> <u>2006</u>	<u>Total Cost of Services</u> <u>2005</u>	<u>Net Cost of Services</u> <u>2005</u>
Gen Govt	\$ 217,780	\$ 199,914	\$ 179,046	\$ 153,087
Basic Utilities	-0-	( 841)	-0-	( 925)
Security of Persons & Property	580,594	471,342	504,704	391,271
Capital Outlay	437,284	381,340	270,003	46,944
Public Health	13,904	13,904	14,143	5,862
Commnty Envr	1,213	( 1,579)	1,029	( 3,729)
Transportation	223,684	65,938	195,456	47,031
Leisure Actvts	39,410	21,055	2,469	2,469
Debt Service:				
Principal	20,429	20,429	20,938	20,938
Interest	3,966	3,966	4,932	4,932
Total	<u>\$ 1,538,264</u>	<u>\$ 1,175,468</u>	<u>\$ 1,192,720</u>	<u>\$ 667,880</u>

The dependence upon property tax receipts is apparent as 71% of 2006 governmental activities and 74% of 2005 governmental activities are supported through these and other governmental receipts.

Village of Shadyside  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

---

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The fund balance of the General Fund decreased \$ 27,441 during 2006 as the result of increased costs for salaries and benefits and not achieving anticipated growth in property tax receipts.

General Fund receipts were less than disbursements indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant.

Although receipts were in excess of expectations, appropriations were not increased. The Village kept spending below budgeted amounts as demonstrated by the lack of reported variances.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2006, the Village's outstanding debt included \$316,399 in master-lease purchase agreements issued to finance the purchase of an emergency rescue vehicle and a truck for the water department, and \$215,683 in Ohio Public Works Commission loans for improvements to the sanitary sewer system, and \$306,312 in Ohio Water Development Authority loans to finance various sewer plant and water tank improvements. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Village. All departments have been asked to reduce their spending for supplies and overtime for 2007.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Gerald Elliott, Clerk/Treasurer, Village of Shadyside, 50 East 39<sup>th</sup> Street, Shadyside, Ohio 43947.

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Net Assets - Cash Basis  
December 31, 2006*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,374,147	\$974,736	\$2,348,883
<i>Total Assets</i>	<u>1,374,147</u>	<u>974,736</u>	<u>2,348,883</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	33,375	0	33,375
Debt Service	4,511	0	4,511
Other Purposes	760,417	0	760,417
Unrestricted	575,844	974,736	1,550,580
<i>Total Net Assets</i>	<u>\$1,374,147</u>	<u>\$974,736</u>	<u>\$2,348,883</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Security of Persons and Property	\$580,594	\$97,252	\$0	\$12,000	(\$471,342)	\$0	(\$471,342)
Public Health Services	13,904	0	0	0	(13,904)	0	(13,904)
Leisure Time Activities	39,410	18,355	0	0	(21,055)	0	(21,055)
Community Environment	1,213	2,792	0	0	1,579	0	1,579
Basic Utility Services	0	841	0	0	841	0	841
Transportation	223,684	0	157,746	0	(65,938)	0	(65,938)
General Government	217,780	15,463	2,403	0	(199,914)	0	(199,914)
Capital Outlay	437,284	0	16,551	39,393	(381,340)	0	(381,340)
Debt Service:							
Principal	20,429	0	0	0	(20,429)	0	(20,429)
Interest	3,966	0	0	0	(3,966)	0	(3,966)
<b>Total Governmental Activities</b>	<b>1,538,264</b>	<b>134,703</b>	<b>176,700</b>	<b>51,393</b>	<b>(1,175,468)</b>	<b>0</b>	<b>(1,175,468)</b>
<b>Business Type Activities</b>							
Water Operating Fund	246,895	293,789	0	0	0	46,894	46,894
OWDA Water Tank Fund	50,956	73,447	0	0	0	22,491	22,491
OWDA/OPWC Daisy Run Fund	26,071	42,850	0	0	0	16,779	16,779
Sewer Operating Fund	152,844	158,214	0	0	0	5,370	5,370
Sewer Plant Replacement Fund	60,185	59,305	0	0	0	(880)	(880)
OWDA Sewer Plant Fund	92,350	95,587	0	0	0	3,237	3,237
<b>Total Business Type Activities</b>	<b>629,301</b>	<b>723,192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>93,891</b>	<b>93,891</b>
<b>Total Primary Government</b>	<b>\$2,167,565</b>	<b>\$857,895</b>	<b>\$176,700</b>	<b>\$51,393</b>	<b>(\$1,175,468)</b>	<b>93,891</b>	<b>(\$1,081,577)</b>
<b>General Receipts</b>							
Property Taxes					481,316	0	481,316
Other Taxes					8,450	0	8,450
Grants and Entitlements not Restricted to Specific Programs					213,238	0	213,238
Other Debt Proceeds					250,000	0	250,000
Earnings on Investments					100,466	0	100,466
Miscellaneous					32,571	23,338	55,909
<b>Total General Receipts</b>					<b>1,086,041</b>	<b>23,338</b>	<b>1,109,379</b>
Change in Net Assets					(89,427)	117,229	27,802
<i>Net Assets Beginning of Year</i>					1,463,574	857,507	2,321,081
<i>Net Assets End of Year</i>					<b>\$1,374,147</b>	<b>\$974,736</b>	<b>\$2,348,883</b>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2006*

	General	Street Construction, Maintenance and Repair	Fire Apparatus	Fire Department EMS	Swamberg Trust	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$575,844	\$46,168	\$31,009	\$175,724	\$388,039	\$157,363	\$1,374,147
<i>Total Assets</i>	<u>575,844</u>	<u>46,168</u>	<u>31,009</u>	<u>175,724</u>	<u>388,039</u>	<u>157,363</u>	<u>1,374,147</u>
<b>Fund Balances</b>							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	575,844	0	0	0	0	0	575,844
Special Revenue Funds	0	46,168	31,009	175,724	388,039	119,477	760,417
Debt Service Fund	0	0	0	0	0	4,511	4,511
Capital Projects Funds	0	0	0	0	0	33,375	33,375
<i>Total Fund Balances</i>	<u>\$575,844</u>	<u>\$46,168</u>	<u>\$31,009</u>	<u>\$175,724</u>	<u>\$388,039</u>	<u>\$157,363</u>	<u>\$1,374,147</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006*

	General	Street Construction, Maintenance and Repair	Fire Apparatus	Fire Department EMS	Swamberg Trust	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$334,822	\$0	\$56,253	\$0	\$0	\$98,691	\$489,766
Intergovernmental	217,297	157,746	7,941	0	0	58,347	441,331
Charges for Services	19,771	0	0	96,677	0	0	116,448
Fines, Licenses and Permits	18,255	0	0	0	0	0	18,255
Earnings on Investments	82,481	0	0	0	17,986	0	100,467
Miscellaneous	20,817	4,721	4,929	0	0	2,103	32,570
<b>Total Receipts</b>	<b>693,443</b>	<b>162,467</b>	<b>69,123</b>	<b>96,677</b>	<b>17,986</b>	<b>159,141</b>	<b>1,198,837</b>
<b>Disbursements</b>							
Current:							
Security of Persons and Property	374,483	0	58,924	20,751	0	126,436	580,594
Public Health Services	13,904	0	0	0	0	0	13,904
Leisure Time Activities	36,429	0	0	0	0	2,981	39,410
Community Environment	1,213	0	0	0	0	0	1,213
Transportation	68,907	154,777	0	0	0	0	223,684
General Government	217,780	0	0	0	0	0	217,780
Capital Outlay	0	0	398,673	0	0	38,611	437,284
Debt Service:							
Principal Retirement	5,795	14,634	0	0	0	0	20,429
Interest and Fiscal Charges	2,373	1,593	0	0	0	0	3,966
<b>Total Disbursements</b>	<b>720,884</b>	<b>171,004</b>	<b>457,597</b>	<b>20,751</b>	<b>0</b>	<b>168,028</b>	<b>1,538,264</b>
Excess of Receipts Over (Under) Disbursements	(27,441)	(8,537)	(388,474)	75,926	17,986	(8,887)	(339,427)
Other Financing Sources (Uses)							
Other Debt Proceeds	0	0	250,000	0	0	0	250,000
Advances In	9,900	0	0	0	0	9,900	19,800
Advances Out	(9,900)	0	0	0	0	(9,900)	(19,800)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>250,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250,000</b>
<b>Net Change in Fund Balances</b>	<b>(27,441)</b>	<b>(8,537)</b>	<b>(138,474)</b>	<b>75,926</b>	<b>17,986</b>	<b>(8,887)</b>	<b>(89,427)</b>
Fund Balances Beginning of Year	603,285	54,705	169,483	99,798	370,053	166,250	1,463,574
<b>Fund Balances End of Year</b>	<b>\$575,844</b>	<b>\$46,168</b>	<b>\$31,009</b>	<b>\$175,724</b>	<b>\$388,039</b>	<b>\$157,363</b>	<b>\$1,374,147</b>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$346,000	\$346,000	\$334,822	(\$11,178)
Intergovernmental	200,219	200,219	217,297	17,078
Charges for Services	750	750	19,771	19,021
Fines, Licenses and Permits	13,500	13,500	18,255	4,755
Earnings on Investments	15,000	15,000	82,481	67,481
Miscellaneous	0	0	20,817	20,817
<i>Total Receipts</i>	<u>575,469</u>	<u>575,469</u>	<u>693,443</u>	<u>117,974</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	339,955	411,070	374,483	36,587
Public Health Services	14,500	14,500	13,904	596
Leisure Time Activities	15,050	37,583	36,429	1,154
Community Environment	1,050	1,250	1,213	37
Transportation	92,078	94,078	68,907	25,171
General Government	705,129	609,281	217,780	391,501
Debt Service:				
Principal Retirement	6,302	6,302	5,795	507
Interest and Fiscal Charges	2,488	2,488	2,373	115
<i>Total Disbursements</i>	<u>1,176,552</u>	<u>1,176,552</u>	<u>720,884</u>	<u>455,668</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(601,083)</u>	<u>(601,083)</u>	<u>(27,441)</u>	<u>573,642</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	500	500	9,900	9,400
Advances Out	(500)	(500)	(9,900)	(9,400)
Other Financing Sources	368	368	0	(368)
<i>Total Other Financing Sources (Uses)</i>	<u>368</u>	<u>368</u>	<u>0</u>	<u>(368)</u>
<i>Net Change in Fund Balance</i>	<u>(600,715)</u>	<u>(600,715)</u>	<u>(27,441)</u>	<u>573,274</u>
<i>Fund Balance Beginning of Year</i>	<u>603,285</u>	<u>603,285</u>	<u>603,285</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,570</u>	<u>\$2,570</u>	<u>\$575,844</u>	<u>\$573,274</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$145,000	\$145,000	\$157,746	\$12,746
Miscellaneous	329	329	4,721	4,392
<i>Total Receipts</i>	<u>145,329</u>	<u>145,329</u>	<u>162,467</u>	<u>17,138</u>
<b>Disbursements</b>				
Current:				
Transportation	176,097	176,097	154,777	21,320
Capital Outlay	5,300	5,300	0	5,300
Debt Service:				
Principal Retirement	15,300	15,300	14,634	666
Interest and Fiscal Charges	2,800	2,800	1,593	1,207
<i>Total Disbursements</i>	<u>199,497</u>	<u>199,497</u>	<u>171,004</u>	<u>28,493</u>
<i>Net Change in Fund Balance</i>	(54,168)	(54,168)	(8,537)	45,631
<i>Fund Balance Beginning of Year</i>	<u>54,705</u>	<u>54,705</u>	<u>54,705</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$537</u>	<u>\$537</u>	<u>\$46,168</u>	<u>\$45,631</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Fire Apparatus Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$58,500	\$58,500	\$56,253	(\$2,247)
Intergovernmental	0	0	7,941	7,941
Miscellaneous	0	0	4,929	4,929
<i>Total Receipts</i>	<u>58,500</u>	<u>58,500</u>	<u>69,123</u>	<u>10,623</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	213,114	79,310	58,924	20,386
Capital Outlay	14,869	398,673	398,673	0
<i>Total Disbursements</i>	<u>227,983</u>	<u>477,983</u>	<u>457,597</u>	<u>20,386</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(169,483)</u>	<u>(419,483)</u>	<u>(388,474)</u>	<u>31,009</u>
<b>Other Financing Sources</b>				
Other Debt Proceeds	0	250,000	250,000	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>250,000</u>	<u>250,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(169,483)	(169,483)	(138,474)	31,009
<i>Fund Balance Beginning of Year</i>	<u>169,483</u>	<u>169,483</u>	<u>169,483</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$31,009</u>	<u>\$31,009</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Fire Department EMS Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Charges for Services	\$100,000	\$100,000	\$96,677	(\$3,323)
<i>Total Receipts</i>	100,000	100,000	96,677	(3,323)
<b>Disbursements</b>				
Current:				
Security of Persons and Property	199,798	199,798	20,751	179,047
<i>Total Disbursements</i>	199,798	199,798	20,751	179,047
<i>Net Change in Fund Balance</i>	(99,798)	(99,798)	75,926	175,724
<i>Fund Balance Beginning of Year</i>	99,798	99,798	99,798	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$175,724	\$175,724

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Swamberg Trust Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Earnings on Investments	\$22,736	\$22,736	\$17,986	(\$4,750)
<i>Total Receipts</i>	<u>22,736</u>	<u>22,736</u>	<u>17,986</u>	<u>(4,750)</u>
<b>Disbursements</b>				
Current:				
Capital Outlay	392,789	392,789	0	392,789
<i>Total Disbursements</i>	<u>392,789</u>	<u>392,789</u>	<u>0</u>	<u>392,789</u>
<i>Net Change in Fund Balance</i>	(370,053)	(370,053)	17,986	388,039
<i>Fund Balance Beginning of Year</i>	<u>370,053</u>	<u>370,053</u>	<u>370,053</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$388,039</u>	<u>\$388,039</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Fund Net Assets - Cash Basis  
Proprietary Funds  
December 31, 2006*

	Water Operating	OWDA / OPWC Daisy Run	Sewer Operating	Surplus Sewer Reserve	Other Enterprise Funds	Total Enterprise Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$230,254	\$226,788	\$74,304	\$126,454	\$316,936	\$974,736
Total Assets	<u>230,254</u>	<u>226,788</u>	<u>74,304</u>	<u>126,454</u>	<u>316,936</u>	<u>974,736</u>
Net Assets						
Unrestricted	230,254	226,788	74,304	126,454	316,936	974,736
Total Net Assets	<u><u>\$230,254</u></u>	<u><u>\$226,788</u></u>	<u><u>\$74,304</u></u>	<u><u>\$126,454</u></u>	<u><u>\$316,936</u></u>	<u><u>\$974,736</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2006*

	Water Operating	OWDA / OPWC Daisy Run	Sewer Operating	Surplus Sewer Reserve	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>						
Charges for Services	\$293,789	\$42,850	\$158,214	\$0	\$228,339	\$723,192
<i>Total Operating Receipts</i>	<u>293,789</u>	<u>42,850</u>	<u>158,214</u>	<u>0</u>	<u>228,339</u>	<u>723,192</u>
<b>Operating Disbursements</b>						
Personal Services	104,903	0	36,107	0	0	141,010
Employee Fringe Benefits	55,213	0	21,434	0	0	76,647
Contractual Services	51,486	0	63,946	0	45,740	161,172
Supplies and Materials	19,461	0	19,751	0	11,722	50,934
Other	14,801	0	11,606	0	0	26,407
<i>Total Operating Disbursements</i>	<u>245,864</u>	<u>0</u>	<u>152,844</u>	<u>0</u>	<u>57,462</u>	<u>456,170</u>
<i>Operating Income</i>	<u>47,925</u>	<u>42,850</u>	<u>5,370</u>	<u>0</u>	<u>170,877</u>	<u>267,022</u>
<b>Non-Operating Receipts (Disbursements)</b>						
Miscellaneous Receipts	12,889	0	10,449	0	0	23,338
Capital Outlay	(1,031)	0	0	0	0	(1,031)
Principal Payments	0	(24,438)	0	0	(116,426)	(140,864)
Interest and Fiscal Charges	0	(1,633)	0	0	(29,603)	(31,236)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>11,858</u>	<u>(26,071)</u>	<u>10,449</u>	<u>0</u>	<u>(146,029)</u>	<u>(149,793)</u>
<i>Change in Net Assets</i>	<u>59,783</u>	<u>16,779</u>	<u>15,819</u>	<u>0</u>	<u>24,848</u>	<u>117,229</u>
<i>Net Assets Beginning of Year</i>	<u>170,471</u>	<u>210,009</u>	<u>58,485</u>	<u>126,454</u>	<u>292,088</u>	<u>857,507</u>
<i>Net Assets End of Year</i>	<u><u>\$230,254</u></u>	<u><u>\$226,788</u></u>	<u><u>\$74,304</u></u>	<u><u>\$126,454</u></u>	<u><u>\$316,936</u></u>	<u><u>\$974,736</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Net Assets - Cash Basis  
December 31, 2005*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,463,574	\$857,507	\$2,321,081
<i>Total Assets</i>	<u>1,463,574</u>	<u>857,507</u>	<u>2,321,081</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	33,375	0	33,375
Debt Service	4,511	0	4,511
Other Purposes	822,403	0	822,403
Unrestricted	603,285	857,507	1,460,792
<i>Total Net Assets</i>	<u>\$1,463,574</u>	<u>\$857,507</u>	<u>\$2,321,081</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2005*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Security of Persons and Property	\$504,704	\$101,433	\$0	\$12,000	(\$391,271)	\$0	(\$391,271)
Public Health Services	14,143	8,281	0	0	(5,862)	0	(5,862)
Leisure Time Activities	2,469	0	0	0	(2,469)	0	(2,469)
Community Environment	1,029	4,758	0	0	3,729	0	3,729
Basic Utility Services	0	925	0	0	925	0	925
Transportation	195,456	0	148,425	0	(47,031)	0	(47,031)
General Government	179,046	10,185	15,774	0	(153,087)	0	(153,087)
Capital Outlay	270,003	0	0	223,059	(46,944)	0	(46,944)
Debt Service:							
Principal	20,938	0	0	0	(20,938)	0	(20,938)
Interest	4,932	0	0	0	(4,932)	0	(4,932)
<b>Total Governmental Activities</b>	<b>1,192,720</b>	<b>125,582</b>	<b>164,199</b>	<b>235,059</b>	<b>(667,880)</b>	<b>0</b>	<b>(667,880)</b>
<b>Business Type Activities</b>							
Water Operating Fund	223,380	289,079	0	0	0	65,699	65,699
OWDA Water Tank Fund	50,956	72,269	0	0	0	21,313	21,313
OWDA/OPWC Daisy Run Fund	26,071	44,146	0	0	0	18,075	18,075
Sewer Operating Fund	141,539	163,000	0	0	0	21,461	21,461
Sewer Plant Replacement Fund	76,813	55,419	0	0	0	(21,394)	(21,394)
OWDA Sewer Plant Fund	90,370	98,479	0	0	0	8,109	8,109
<b>Total Business Type Activities</b>	<b>609,129</b>	<b>722,392</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>113,263</b>	<b>113,263</b>
<b>Total Primary Government</b>	<b>\$1,801,849</b>	<b>\$847,974</b>	<b>\$164,199</b>	<b>\$235,059</b>	<b>(667,880)</b>	<b>113,263</b>	<b>(\$554,617)</b>
<b>General Receipts</b>							
Property Taxes					591,014	0	591,014
Other Taxes					1,386	0	1,386
Grants and Entitlements not Restricted to Specific Programs					226,752	0	226,752
Earnings on Investments					40,773	0	40,773
Miscellaneous					20,271	6,546	26,817
<b>Total General Receipts</b>					<b>880,196</b>	<b>6,546</b>	<b>886,742</b>
Change in Net Assets					212,316	119,809	332,125
<b>Net Assets Beginning of Year</b>					<b>1,251,258</b>	<b>737,698</b>	<b>1,988,956</b>
<b>Net Assets End of Year</b>					<b>\$1,463,574</b>	<b>\$857,507</b>	<b>\$2,321,081</b>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005*

	General	Street Construction, Maintenance and Repair	Fire Apparatus	Swamberg Trust	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$603,285	\$54,705	\$169,483	\$370,053	\$266,048	\$1,463,574
<i>Total Assets</i>	<u>603,285</u>	<u>54,705</u>	<u>169,483</u>	<u>370,053</u>	<u>266,048</u>	<u>1,463,574</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	603,285	0	0	0	0	603,285
Special Revenue Funds	0	54,705	169,483	370,053	228,162	822,403
Debt Service Fund	0	0	0	0	4,511	4,511
Capital Projects Funds	0	0	0	0	33,375	33,375
<i>Total Fund Balances</i>	<u>\$603,285</u>	<u>\$54,705</u>	<u>\$169,483</u>	<u>\$370,053</u>	<u>\$266,048</u>	<u>\$1,463,574</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005*

	General	Street Construction, Maintenance and Repair	Fire Apparatus	Swamberg Trust	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$411,421	\$0	\$66,096	\$0	\$114,883	\$592,400
Intergovernmental	225,690	353,228	9,226	0	37,866	626,010
Charges for Services	786	0	8,281	0	101,572	110,639
Fines, Licenses and Permits	14,943	0	0	0	0	14,943
Earnings on Investments	30,017	0	0	10,756	0	40,773
Miscellaneous	14,959	2,580	0	0	1,545	19,084
<b>Total Receipts</b>	<b>697,816</b>	<b>355,808</b>	<b>83,603</b>	<b>10,756</b>	<b>255,866</b>	<b>1,403,849</b>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	326,175	0	63,813	0	114,716	504,704
Public Health Services	14,143	0	0	0	0	14,143
Leisure Time Activities	2,469	0	0	0	0	2,469
Community Environment	1,029	0	0	0	0	1,029
Transportation	73,497	121,959	0	0	0	195,456
General Government	179,046	0	0	0	0	179,046
Capital Outlay	0	205,887	16,811	0	47,305	270,003
Debt Service:						
Principal Retirement	5,681	15,257	0	0	0	20,938
Interest and Fiscal Charges	2,487	2,445	0	0	0	4,932
<b>Total Disbursements</b>	<b>604,527</b>	<b>345,548</b>	<b>80,624</b>	<b>0</b>	<b>162,021</b>	<b>1,192,720</b>
<b>Excess of Receipts Over Disbursements</b>	<b>93,289</b>	<b>10,260</b>	<b>2,979</b>	<b>10,756</b>	<b>93,845</b>	<b>211,129</b>
<b>Other Financing Sources (Uses)</b>						
Advances In	0	0	0	0	11,000	11,000
Advances Out	(11,000)	0	0	0	0	(11,000)
Other Financing Sources	1,013	54	120	0	0	1,187
<b>Total Other Financing Sources (Uses)</b>	<b>(9,987)</b>	<b>54</b>	<b>120</b>	<b>0</b>	<b>11,000</b>	<b>1,187</b>
<b>Net Change in Fund Balances</b>	<b>83,302</b>	<b>10,314</b>	<b>3,099</b>	<b>10,756</b>	<b>104,845</b>	<b>212,316</b>
<b>Fund Balances Beginning of Year</b>	<b>519,983</b>	<b>44,391</b>	<b>166,384</b>	<b>359,297</b>	<b>161,203</b>	<b>1,251,258</b>
<b>Fund Balances End of Year</b>	<b>\$603,285</b>	<b>\$54,705</b>	<b>\$169,483</b>	<b>\$370,053</b>	<b>\$266,048</b>	<b>\$1,463,574</b>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$322,000	\$322,000	\$411,421	\$89,421
Intergovernmental	230,310	230,310	225,690	(4,620)
Charges for Services	750	750	786	36
Fines, Licenses and Permits	14,800	14,800	14,943	143
Earnings on Investments	7,500	7,500	30,017	22,517
Miscellaneous	0	0	14,959	14,959
<i>Total Receipts</i>	575,360	575,360	697,816	122,456
<b>Disbursements</b>				
Current:				
Security of Persons and Property	340,713	339,913	326,175	13,738
Public Health Services	14,500	14,300	14,143	157
Leisure Time Activities	15,050	15,200	2,469	12,731
Community Environment	1,050	1,050	1,029	21
Transportation	91,825	88,825	73,497	15,328
General Government	218,072	221,922	179,046	42,876
Debt Service:				
Principal Retirement	6,303	6,303	5,681	622
Interest and Fiscal Charges	2,487	2,487	2,487	0
<i>Total Disbursements</i>	690,000	690,000	604,527	85,473
<i>Excess of Receipts Over (Under) Disbursements</i>	(114,640)	(114,640)	93,289	207,929
<b>Other Financing Sources (Uses)</b>				
Advances Out	0	0	(11,000)	(11,000)
Other Financing Sources	0	0	1,013	1,013
<i>Total Other Financing Sources (Uses)</i>	0	0	(9,987)	(9,987)
<i>Net Change in Fund Balance</i>	(114,640)	(114,640)	83,302	197,942
<i>Fund Balance Beginning of Year</i>	519,983	519,983	519,983	0
<i>Fund Balance End of Year</i>	\$405,343	\$405,343	\$603,285	\$197,942

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$130,000	\$130,000	\$353,228	\$223,228
Earnings on Investments	500	500	0	(500)
Miscellaneous	11,096	11,096	2,580	(8,516)
<i>Total Receipts</i>	<u>141,596</u>	<u>141,596</u>	<u>355,808</u>	<u>214,212</u>
<b>Disbursements</b>				
Current:				
Transportation	126,600	126,600	121,959	4,641
Capital Outlay	5,300	5,300	205,887	(200,587)
Debt Service:				
Principal Retirement	15,300	15,300	15,257	43
Interest and Fiscal Charges	2,800	2,800	2,445	355
<i>Total Disbursements</i>	<u>150,000</u>	<u>150,000</u>	<u>345,548</u>	<u>(195,548)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,404)</u>	<u>(8,404)</u>	<u>10,260</u>	<u>18,664</u>
<b>Other Financing Sources</b>				
Other Financing Sources	<u>0</u>	<u>0</u>	<u>54</u>	<u>54</u>
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>54</u>	<u>54</u>
<i>Net Change in Fund Balance</i>	(8,404)	(8,404)	10,314	18,718
<i>Fund Balance Beginning of Year</i>	<u>44,391</u>	<u>44,391</u>	<u>44,391</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$35,987</u>	<u>\$35,987</u>	<u>\$54,705</u>	<u>18,718</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Fire Apparatus Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$58,500	\$58,500	\$66,096	\$7,596
Intergovernmental	0	0	9,226	9,226
Charges for Services	0	0	8,281	8,281
<i>Total Receipts</i>	<u>58,500</u>	<u>58,500</u>	<u>83,603</u>	<u>25,103</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	185,131	183,131	63,813	119,318
Capital Outlay	14,869	16,869	16,811	58
<i>Total Disbursements</i>	<u>200,000</u>	<u>200,000</u>	<u>80,624</u>	<u>119,376</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(141,500)</u>	<u>(141,500)</u>	<u>2,979</u>	<u>144,479</u>
<b>Other Financing Sources</b>				
Other Financing Sources	<u>0</u>	<u>0</u>	<u>120</u>	<u>120</u>
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>120</u>	<u>120</u>
<i>Net Change in Fund Balance</i>	<u>(141,500)</u>	<u>(141,500)</u>	<u>3,099</u>	<u>144,599</u>
<i>Fund Balance Beginning of Year</i>	<u>166,384</u>	<u>166,384</u>	<u>166,384</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$24,884</u>	<u>\$24,884</u>	<u>\$169,483</u>	<u>144,599</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Swamberg Trust Fund  
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Earnings on Investments	\$22,073	\$22,073	\$10,756	(\$11,317)
<i>Total Receipts</i>	<u>22,073</u>	<u>22,073</u>	<u>10,756</u>	<u>(11,317)</u>
<b>Disbursements</b>				
Current:				
Capital Outlay	300,000	300,000	0	300,000
<i>Total Disbursements</i>	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>300,000</u>
<i>Net Change in Fund Balance</i>	(277,927)	(277,927)	10,756	288,683
<i>Fund Balance Beginning of Year</i>	<u>359,297</u>	<u>359,297</u>	<u>359,297</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$81,370</u>	<u>\$81,370</u>	<u>\$370,053</u>	<u>\$288,683</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Fund Net Assets - Cash Basis  
Proprietary Funds  
December 31, 2005*

	Water Operating	OWDA / OPWC Daisy Run	Sewer Operating	OWDA Sewer Plant	Surplus Sewer Reserve	Other Enterprise Funds	Total Enterprise Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$170,471	\$210,009	\$58,485	\$104,280	\$126,454	\$187,808	\$857,507
Total Assets	<u>170,471</u>	<u>210,009</u>	<u>58,485</u>	<u>104,280</u>	<u>126,454</u>	<u>187,808</u>	<u>857,507</u>
Net Assets							
Unrestricted	170,471	210,009	58,485	104,280	126,454	187,808	857,507
Total Net Assets	<u>\$170,471</u>	<u>\$210,009</u>	<u>\$58,485</u>	<u>\$104,280</u>	<u>\$126,454</u>	<u>\$187,808</u>	<u>\$857,507</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2005*

	Water Operating	OWDA / OPWC Daisy Run	Sewer Operating	OWDA Sewer Plant	Surplus Sewer Reserve	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>							
Charges for Services	\$289,079	\$44,146	\$163,000	\$98,479	\$0	\$127,688	\$722,392
<i>Total Operating Receipts</i>	<u>289,079</u>	<u>44,146</u>	<u>163,000</u>	<u>98,479</u>	<u>0</u>	<u>127,688</u>	<u>722,392</u>
<b>Operating Disbursements</b>							
Personal Services	84,412	0	52,873	0	0	0	137,285
Employee Fringe Benefits	39,939	0	18,379	0	0	0	58,318
Contractual Services	48,263	0	50,929	0	0	43,981	143,173
Supplies and Materials	45,916	0	12,995	0	0	21,816	80,727
Other	4,850	0	6,363	0	0	0	11,213
<i>Total Operating Disbursements</i>	<u>223,380</u>	<u>0</u>	<u>141,539</u>	<u>0</u>	<u>0</u>	<u>65,797</u>	<u>430,716</u>
<i>Operating Income</i>	<u>65,699</u>	<u>44,146</u>	<u>21,461</u>	<u>98,479</u>	<u>0</u>	<u>61,891</u>	<u>291,676</u>
<b>Non-Operating Receipts (Disbursements)</b>							
Miscellaneous Receipts	4,138	0	2,408	0	0	0	6,546
Capital Outlay	0	0	0	0	0	(8,293)	(8,293)
Principal Payments	0	(23,957)	0	(76,136)	0	(31,037)	(131,130)
Interest and Fiscal Charges	0	(2,114)	0	(14,234)	0	(22,642)	(38,990)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>4,138</u>	<u>(26,071)</u>	<u>2,408</u>	<u>(90,370)</u>	<u>0</u>	<u>(61,972)</u>	<u>(171,867)</u>
<i>Change in Net Assets</i>	<u>69,837</u>	<u>18,075</u>	<u>23,869</u>	<u>8,109</u>	<u>0</u>	<u>(81)</u>	<u>119,809</u>
<i>Net Assets Beginning of Year</i>	<u>100,634</u>	<u>191,934</u>	<u>34,616</u>	<u>96,171</u>	<u>126,454</u>	<u>187,889</u>	<u>737,698</u>
<i>Net Assets End of Year</i>	<u>\$170,471</u>	<u>\$210,009</u>	<u>\$58,485</u>	<u>\$104,280</u>	<u>\$126,454</u>	<u>\$187,808</u>	<u>\$857,507</u>

See accompanying notes to the basic financial statements

**This page intentionally left blank.**

**Note 1 – Reporting Entity**

The Village of Shadyside, Belmont County, Ohio (the Village), 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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie. The Village also has the water and sewer utilities directed by a three-member Board elected at large for four year terms. The Board is governed by the Village and Mayor.

The reporting entity is comprised of the primary government to ensure that the financial statements are not misleading.

**Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separated from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village may appropriate general fund money to support a volunteer fire department and emergency medical services squad.

**Jointly Governed Organizations**

The Village is involved with the Bel-O-Mar Regional Council and Eastern Ohio Regional Transit Authority, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 12.

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**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Note 2 – Summary of Significant Accounting Policies** (Continued)

The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General, Street Construction, Maintenance and Repair, Fire Apparatus, Fire Department EMS, and Swamberg Trust Funds. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. Many of the Village's enterprise funds are major funds. The Village's major enterprise funds are the Water Operating, OWDA / OPWC Daisy Run, Sewer Operating, OWDA Sewer Plant and Surplus Sewer Reserve Funds.

Water Operating Fund - The water operating fund accounts for the provision of water to the residents and commercial users located within the Village.

**Note 2 – Summary of Significant Accounting Policies** (Continued)

B. Fund Accounting (Continued)

Proprietary Funds – Enterprise Funds (Continued)

OWDA / OPWC Daisy Run Fund – The OWDA / OPWC Daisy Run fund accounts for the provision of water to the residents and commercial users located within the Village and the related debt.

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

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

Surplus Sewer Reserve Fund - The Surplus Sewer Reserve fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village and the related amount set aside for future improvements.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**D. Budgetary Process** (Continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

Village records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

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

During 2006 and 2005, the Village had deposits in high balance savings accounts and invested in a repurchase sweep agreement with Chase Bank. The Village’s repurchase sweep agreement investment is recorded at the amount reported by Chase Bank at December 31, 2006 in the total amount of \$1,100,734 and at December 31, 2005 in the total amount of \$1,100,886.

Interest earnings were allocated to the General and Swamberg Trust Funds only during 2006 and 2005.

**F. Restricted Assets**

Cash and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Capital Assets**

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

**H. Inter-fund Receivables/Payables**

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village’s cash basis of accounting.

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing sources nor capital outlay expenditures are reported at inception. Lease payments are reported when paid.

**L. Inter-fund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include local and state monies restricted to expenditures for specified purposes.

**N. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**Note 3 – Change in Basis of Accounting**

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2005 and 2006 the Village has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**Note 4 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Police Levy and Police Pension Funds' by \$3,553 and \$2,594, respectively, for the year ended December 31, 2006.

The Village Clerk/Treasurer will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**Note 4 – Compliance** (Continued)

During 2005, the Village received/expended \$204,802 of Ohio Public Works Commission (OPWC) monies for a paving project. This activity was not budgeted or recorded on the Village's financial statements thus resulting in violations of Ohio Rev. Code Sections 5705.36(A)(3), 5705.40, and 5705.41(B).

The Village Clerk/Treasurer will refer to Auditor of State Bulletins 2000-008 and 2002-004 and follow the recommended accounting treatment for all OPWC funding expended directly to contractors on behalf of the Village.

Also, contrary to Ohio law, the Village did not encumber all commitments required by Ohio law.

The Village Clerk/Treasurer will more closely monitor certification dates to ensure compliance.

**Note 5 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Street Construction, Maintenance and Repair, Fire Apparatus, Fire Department EMS, and Swamberg Trust Funds' are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Note 6 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**Note 6 – Deposits and Investments** (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, \$1,087,417 of the Village's bank balance of \$1,287,417 was exposed to custodial credit risk because it was uninsured and uncollateralized. At December 31, 2005, \$1,062,038 of the Village's bank balance of \$1,262,038 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

For the purpose of this note disclosure, at December 31, 2006 and 2005, the Village invested in a repurchase sweep agreement with Chase Bank.

Interest Rate Risk

State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and that an investment must be purchased with the expectation that it will be held to maturity. The Village's investment policy provides for the same provisions allowed by State Statute.

**Note 6 – Deposits and Investments** (Continued)

Credit Risk

The Village has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial

Investments (Continued)

risk beyond the requirements in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Clerk/Treasurer or qualified trustee.

Concentration of Credit Risk

The Village's policy provides that investments of the Village shall be diversified in order to avoid incurring potential losses regarding individual securities which may not be held to maturity, whether by erosion of market value or change in market conditions that will not exceed the income generated by the portfolio.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Village of Shadyside  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

---

**Note 7 – Property Taxes** (Continued)

The full tax rate for all Village operations for the year ended December 31, 2006, was \$21.35 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$802,871,070
Agricultural	80,762,040
Commercial/Industrial/Mineral	203,836,670
Tangible Personal Property	
Business	103,205,611
Public Utility	71,292,490
Total Assessed Value	<u>\$1,261,967,881</u>

**Note 8 – Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village has obtained a Liability/Commercial Insurance Package from Westfield Companies, through Andes Ins. Agency, Inc. for: commercial property, general liability, auto, inland marine, terrorism, and commercial crime. The Village provides health insurance to employees through a private carrier.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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. The System administers and pays all claims. The premium for 2006 increased by \$5,655 over 2005 (\$64,468 - \$58,813) and significantly over 2004 by \$58,638 (\$64,468 - \$5,830). This increase was due to several claims and a drop in the experience rating.

**Note 9 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**Note 9 – Defined Benefit Pension Plans** (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.00 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the year ended December 31, 2006 were paid in full.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and

Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.50 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the year ended December 31, 2006 were paid in full.

**Note 10 – Post-Employment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

**Note 10 – Post-Employment Benefits** (Continued)

**A. Ohio Public Employees Retirement System** (Continued)

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

**Note 11 – Debt**

The Village's long-term debt arising from cash transactions and non-cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities:

**GOVERNMENTAL ACTIVITIES**

As of December 31, 2006, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

Village of Shadyside  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

---

**Note 11 – Debt** (Continued)

- \$250,000 issued February 24, 2006, through a Master-Lease Purchase Agreement with Chase Equipment Leasing, Inc. to finance a portion of an emergency rescue vehicle payable in annual installments at an annual percentage rate at 4.42%, final payment due February 24, 2013. This lease is supported by the full faith and credit of the Village and is payable from property tax receipts.
- \$79,380 issued October 30, 2003, through a Master-Lease Purchase Agreement with Chase Equipment Leasing, Inc. to finance the purchase of a dump truck payable in monthly installments at an annual percentage rate at 4.37%, final payment due October 30, 2008. This lease is supported by the full faith and credit of the Village and is payable from gasoline tax and motor vehicle license tax receipts.
- \$178,800 issued July 1, 2003, through the Ohio Publics Works Commission (OPWC) (CR30D) for storm sewer system replacement payable in semi-annual installments at a rate of .02%, final payment due July 1, 2023. This loan is paid from both the General Fund and Sewer Replacement Fund.

**BUSINESS-TYPE ACTIVITIES**

As of December 31, 2006, the long-term debt, arising from cash transactions, payable from proprietary fund resources consisted of the following:

- \$1,395,896 of various loans obtained through the Ohio Water Development Authority (OWDA) issued January 1, 1983 through January 1, 1999 to finance various sewer and water plant improvements payable in semi-annual installments at an annual percentage rate at 5.86%-7.00%, final payments due from July 1, 2007 through July 1, 2015. The loans are secured by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.
- \$235,231 issued July 1, 1999, through the Ohio Publics Works Commission (OPWC) (CR12A) for Daisy Run sanitary sewer rehabilitation payable in semi-annual installments at a rate of .02%, final payment due July 1, 2009. This loan is secured by sewer receipts.

As of December 31, 2006, the long-term debt, arising from non-cash transactions, payable from proprietary fund resources consisted of the following:

- \$33,915 issued June 27, 2006, through a Master-Lease Purchase Agreement with Chase Equipment Leasing, Inc. to finance a truck payable in annual installments at an annual percentage rate at 6.66%, final payment due June 27, 2011. This loan is secured by water receipts.

Village of Shadyside  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

**Note 11 – Debt** (Continued)

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2006:

Type of Debt	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>Governmental Activities</u>				
Master-Lease Purchase Agreements	\$47,118	\$250,000	\$14,634	\$282,484
Ohio Public Works Commission Loan (CR30D)	160,143		7,727	152,416
Total Governmental Activities	<u>\$207,261</u>	<u>\$250,000</u>	<u>\$22,361</u>	<u>\$434,900</u>
<u>Business-Type Activities</u>				
OWDA Loans – 1401, 1402, 1403, 2109, 3092	\$420,806		\$114,494	\$306,312
Ohio Public Works Commission Loan (CR12A)	87,705		24,438	63,267
Master-Lease Purchase Agreement		33,915		33,915
Total Business-Type Activities	<u>\$508,511</u>	<u>\$33,915</u>	<u>\$138,932</u>	<u>\$403,494</u>

The following is a summary of the Village's future annual debt service requirements:

Year	Master-Lease Purchase Agreements		OPWC Loans		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$65,763	\$14,338	\$32,812	\$4,151	\$76,776	\$20,873
2008	51,650	11,297	33,470	3,490	29,388	15,713
2009	38,980	9,221	21,107	2,818	25,496	13,750
2010	40,850	7,347	8,366	2,524	27,248	11,999
2011	42,817	5,380	8,535	2,356	29,119	10,127
2012–2016	76,339	5,008	45,318	9,137	118,285	19,074
2017–2021			50,060	4,396		
2022–2026			16,015	321		
Totals	<u>\$316,399</u>	<u>\$52,591</u>	<u>\$215,683</u>	<u>\$29,193</u>	<u>\$306,312</u>	<u>\$91,536</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and un-voted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

**Note 12 – Jointly Governed Organizations**

**A. Bel-O-Mar Regional Council** is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by each local government within Belmont County. The Council is not dependent upon the Village of Shadyside for its continued existence, no debt exists, and the Village does not maintain an equity interest. Bel-O-Mar Regional Council received \$1,213 for 2007 annual fees paid in 2006 and \$1,029 for 2006 annual fees paid in 2005.

**B. Eastern Ohio Regional Transit Authority** was established to provide transportation to the residents of 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.

**Note 13 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Shadyside  
Belmont County  
50 East 39<sup>th</sup> Street  
Shadyside, Ohio 43947

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Shadyside, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 1, 2007, wherein, we noted the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

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

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

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

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: Finding numbers 2006-004, 2006-005, 2006-007 and 2006-008.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2006-004 and 2006-007 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 1, 2007.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-001 through 2006-007.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 1, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

June 1, 2007

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2006-001**

**Finding for Recovery - Repaid Under Audit**

Shadyside Ordinance No. 1452, adopted July 25, 2001, fixed the salary of members of the Board of Trustees of Public Affairs at Three Thousand Dollars (\$3,000) per year.

For 2006, Mr. Charles Wiley received Three Thousand Two Hundred Fifty Dollars (\$3,250) as a member of the Village of Shadyside Board of Trustees of Public Affairs. As a result, an overpayment of \$250 occurred.

Chuck Wiley did not receive his monthly salary of \$250 as a member of the Village of Shadyside Board of Trustees of Public Affairs for March 2007 to offset the overpayment made to him during 2006. We will consider this a finding for recovery repaid under audit.

**FINDING NUMBER 2006-002**

**Finding for Recovery - Repaid Under Audit**

Shadyside Codified Ordinances, Section 159.03 (c) (1989) provides that all regular full-time employees of the Municipality shall be entitled to four weeks vacation, with pay, during each calendar year after they have been regularly employed by the Municipality for a period of twenty years. Section 159.03 (g) provides that for the purposes of this section, a "regular full-time employee" is one who is employed on a permanent basis and is regularly scheduled to work forty hours per week. Section 159.03 (e) states, in part, that vacation to which a regular full-time employee is entitled during any calendar year must be taken during that calendar year. Regular full-time employees may not carry over vacation days into the next calendar year. Any vacation days that are not used shall be deemed waived by the employee.

Ray Hughes' hire date per his 2005 Attendance Calendar was July 17, 1984; therefore, for 2005, he would have been eligible to receive four weeks (160 hours) of vacation. Per his 2005 Attendance Calendar, he was given credit for five weeks (200 hours) of vacation or an extra week (40 hours) of vacation. Mr. Hughes retired effective April 23, 2005 and on May 26, 2005 was paid for the unused portion of his vacation, which included an extra 40 hours of vacation at \$8.87 per hour. As a result, an overpayment of \$354.80 occurred.

On April 12, 2007, Gerald Elliott issued a check to the Village of Shadyside for \$714.04 as repayment of Finding Number 2006-002 and Finding Number 2006-003. We will consider this a finding for recovery repaid under audit.

**FINDING NUMBER 2006-003**

**Finding for Recovery - Repaid Under Audit**

Shadyside Codified Ordinances, Section 159.05 (e) (2005) provides that all regular full-time employees with ten or more years of actual service with the Municipality shall be entitled to receive upon retirement one-third of their accumulated sick leave up to a maximum payment of thirty days (240 hours) of such accumulation.

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2006-003  
(Continued)**

**Finding for Recovery - Repaid Under Audit (Continued)**

Ray Hughes' hire date per his 2005 Attendance Calendar was July 17, 1984; therefore, upon retirement, he would have been eligible to receive one-third of his accumulated sick leave. Effective April 23, 2005, Mr. Hughes retired with an accumulated balance of 598.4 hours of sick leave, which would entitle him to a payment of 199.5 hours. On May 26, 2005, Mr. Hughes was paid for 240 hours of accumulated sick leave at \$8.87 per hour. As a result, an overpayment of \$359.24 occurred.

On April 12, 2007, Gerald Elliott issued a check to the Village of Shadyside for \$714.04 as repayment of Finding Number 2006-002 and Finding Number 2006-003. We will consider this a finding for recovery repaid under audit.

**FINDING NUMBER 2006-004**

**Noncompliance Citation and Material Weakness**

Ohio Admin. Code Section 117-2-02(A) requires all local public offices to 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.

Per Ohio Admin. Code Section 117-2-02(D), accounting records that can help achieve these objectives include, in part:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.

The Ohio Village Officers Handbook (revised March 2007) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for 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.

During 2006 and 2005, Village receipts were not always posted into accurate receipt classifications, based upon the source of the receipt. For example, in 2006 and 2005, homestead and rollback tax in the amount of \$9,547 and \$11,078, respectively, were posted as Property and Other Local Taxes instead of Intergovernmental. Also in 2006 and 2005, state and county motor vehicle license tax in the amount of \$55,944 and \$18,257, respectively, were posted as Property and Other Local Taxes instead of Intergovernmental. Also in 2006 and 2005, sewer user charges in the amount of \$22,959 and \$17,846, respectively, were posted as Miscellaneous Receipts instead of Charges for Services.

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2006-004  
(Continued)**

**Noncompliance Citation and Material Weakness – Ohio Admin Code Section 117-2-02(A)  
(Continued)**

The accompanying financial statements have been adjusted to reflect the above noted transactions in the proper receipt classification.

We recommend the Village utilize available authoritative resources to appropriately classify receipt transactions.

**FINDING NUMBER 2006-005**

**Noncompliance Citation and Significant Deficiency**

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

As of December 31, 2006, the following funds reflected expenditures which exceeded appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Police Levy	\$110,585	\$114,138	\$(3,553)
Police Pension	19,604	22,198	(2,594)

As of December 31, 2005, the following fund reflected expenditures which exceeded appropriations due to an audit adjustment made for unrecorded Ohio Public Works Commission monies (See Finding No. 2006-007):

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Street Construction, Maintenance and Repair	\$150,000	\$345,549	\$(195,549)

To help ensure Village Council is not making expenditures in excess of appropriations, we recommend Village Council and the Village Clerk/Treasurer compare expenditures to appropriations at the legal level of control, in this case at the fund/function/object level, on a monthly basis. If appropriations in addition to those already adopted will be needed, then Village Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations. After obtaining Village Council approval for appropriations, a certification should be obtained from the County Budget Commission that appropriations do not exceed the estimated resources. The Village Clerk/Treasurer and Village Council should not make any expenditure until appropriations are available.

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2006-006**

**Noncompliance Citation**

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

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

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

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

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

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

Although the obligations paid by the Village had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 57% and 83% of transactions tested in 2006 and 2005, respectively, and there was no evidence of a "Then and Now" certificate being utilized by the Village Clerk/Treasurer. Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2006-006  
(Continued)**

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

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

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include certification language Section 5705.41(D) requires to authorize disbursements. The Village Clerk/Treasurer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Village Clerk/Treasurer should post approved purchase commitments to the appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2006-007**

**Noncompliance Citation and Material Weakness**

Ohio Admin. Code Section 117-3-02(A) provides that 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. Furthermore, the Auditor of State provided, through Auditor of State Bulletins 2000-008 and 2002-004, the recommended accounting treatment for on-behalf of grants and loans including Ohio Public Works Commission (OPWC) funding. Ohio Rev. Code Section 5705.40 requires that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation. Ohio Rev. Code Section 5705.36(A)(3) allows all subdivisions to request an increased amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater than the amount in the official certificate. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

During 2005, the Village did not record Ohio Public Works Commission grant transactions on their accounting records or financial statements in the amount of \$204,802 in the Street Construction, Maintenance and Repair Fund. Also, the Village Clerk/Treasurer did not obtain an amended certificate for the Ohio Public Works Commission monies received in 2005. Village Council did not amend their appropriations for the paving project funded through the OPWC.

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**FINDING NUMBER 2006-007  
(Continued)**

**Noncompliance Citation and Material Weakness (Continued)**

Adjustments with which Village officials' agree are reflected in the accompanying financial statements. This also resulted in violation of Ohio Rev. Code Section 5705.41(B) within the Street Construction, Maintenance and Repair Fund. (See Finding No. 2006-005)

We recommend the Village follow the budgetary scheme of Chapter 5705 of the Revised Code and monitor appropriations, amending them as appropriate to record these funds. We further recommend the Village refer to Auditor of State Bulletins 2000-008 and 2002-004 and follow the recommended accounting treatment for all Ohio Public Works Commission funding expended directly to contractors on behalf of the Village.

**FINDING NUMBER 2006-008**

**Significant Deficiency**

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

The Village received 1099 Forms from vendors which had paid the Village for emergency medical service billings. However, no process was in place to ensure vendor payments were reconciled to billing records. This could result in the Village not receiving all receipts for services provided and could result in inaccurate financial statement presentation.

We recommend emergency medical service and Village personnel record collections with sufficient detail to permit a reconciliation of 1099 Forms to vendor payments and perform this reconciliation annually when 1099 Forms are received.

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

**VILLAGE OF SHADYSIDE  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	1982 Op. Atty. Gen. No. 82-006 - expenditure of funds for improper public purpose.	Yes	N/A
2004-002	Ohio Rev. Code Section 5705.39 - appropriations exceeding total certified resources.	No	Partially Corrected; Re-issued within the management letter.
2004-003	Ohio Rev. Code Section 5705.41(B) - expenditures exceeding appropriations.	No	Not Corrected; Repeated as Finding No. 2006-005.
2004-004	Ohio Rev. Code Section 5705.41(D)(1) – not properly certifying availability of funds prior to incurring obligations.	No	Not Corrected; Repeated as Finding No. 2006-006.
2004-005	Reportable Condition - not forwarding all revenue payments to Computer Billing Services.	No	Partially Corrected; Re-issued within the management letter.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF SHADYSIDE**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 28, 2007**