

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

Financial Statements
(Audited)

For The Year Ended
December 31, 2001

SONJA KEATON, FINANCE DIRECTOR



**Auditor of State
Betty Montgomery**

Mayor and Members of City Council
City of Brookville

We have reviewed the Independent Auditor's Report of the City of Brookville, Montgomery County, prepared by Trimble, Julian & Grube, Inc. for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 1, 2003

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**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Worthington, OH 43085

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Independent Auditor's Report

Members of Council and Mayor
City of Brookville
301 Sycamore Street
Brookville, Ohio 45309

We have audited the accompanying financial statements of the City of Brookville, Montgomery County, Ohio, as of and for the year ended December 31, 2001. These financial statements are the responsibility of the City of Brookville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the City of Brookville prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting 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 combined cash balances and fund balances of the City of Brookville, as of December 31, 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2003, on our consideration of the City of Brookville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
March 17, 2003

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2001

<u>Cash and Investments:</u>	<u>2001</u>
Cash and Cash Equivalents	<u>\$ 2,596,852</u>
Total Cash and Investments	<u>\$ 2,596,852</u>
<u>Fund Balances:</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 1,331,309
Special Revenue Funds	124,977
Capital Projects Funds	<u>773,876</u>
Total Governmental Fund Types	<u>2,230,162</u>
<u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>365,452</u>
<u>Fiduciary Fund Type:</u>	
Expendable Trust Fund	<u>1,238</u>
Total Fund Balances	<u>\$ 2,596,852</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash receipts:					
Property and other local taxes	\$ 2,066,330	\$ -	\$ -	\$ -	\$ 2,066,330
Intergovernmental	432,364	209,614	-	-	641,978
Special assessments	-	-	30,314	-	30,314
Charges for services	313,546	55,112	92,373	-	461,031
Fines, licenses, and permits	53,872	-	-	-	53,872
Interest	138,625	-	-	-	138,625
Donations and contributions	-	-	5,808	8,686	14,494
Miscellaneous	17,642	1,251	-	-	18,893
Total cash receipts	3,022,379	265,977	128,495	8,686	3,425,537
Cash disbursements:					
Current:					
Security of persons and property	1,385,305	-	-	-	1,385,305
Leisure time activities	-	90,328	-	-	90,328
Transportation	-	358,197	-	-	358,197
General government	495,960	-	-	-	495,960
Capital outlay	66,875	89,720	685,718	-	842,313
Total cash disbursements	1,948,140	538,245	685,718	-	3,172,103
Total cash receipts over/(under) cash disbursements	1,074,239	(272,268)	(557,223)	8,686	253,434
Other financing receipts/(disbursements):					
Sale of fixed assets	-	-	45,925	-	45,925
Other sources	-	-	50,000	-	50,000
Operating transfers in	-	250,000	638,625	-	888,625
Operating transfers out	(978,625)	-	-	-	(978,625)
Other uses	-	-	-	(8,634)	(8,634)
Total other financing receipts/(disbursements)	(978,625)	250,000	734,550	(8,634)	(2,709)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	95,614	(22,268)	177,327	52	250,725
Cash fund balances, January 1, 2001	1,235,695	147,245	596,549	1,186	1,980,675
Cash fund balances, December 31, 2001	\$ 1,331,309	\$ 124,977	\$ 773,876	\$ 1,238	\$ 2,231,400

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 1,230,882
Miscellaneous	348
Total operating cash receipts	1,231,230
Operating cash disbursements:	
Personal services	417,097
Contractual services	715,151
Supplies and materials	23,811
Capital outlay	56,179
Total operating cash disbursements	1,212,238
Operating income	18,992
Nonoperating cash disbursements:	
Debt service:	
Principal	126,389
Interest	51,715
Total nonoperating cash disbursements	178,104
(Loss) before operating transfers	(159,112)
Transfers in	90,000
Net income	(69,112)
Cash fund balances, January 1, 2001	434,564
Cash fund balances, December 31, 2001	\$ 365,452

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2001 Receipts	Variance Favorable (Unfavorable)	(Restated) Prior Year Carryover Appropriations	2001 Appropriations	Total	Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 1,234,367	\$ 2,847,292	\$ 4,081,659	\$ 3,022,379	\$ 175,087	\$ 1,328	\$ 2,975,953	\$ 2,977,281	\$ 2,926,765	\$ 1,283	\$ 2,928,048	\$ 49,233
Special Revenue	143,095	575,900	718,995	515,977	(59,923)	4,150	643,000	647,150	538,245	12,119	550,364	96,786
Capital Projects	430,309	842,605	1,272,914	863,045	20,440	166,240	1,138,000	1,304,240	685,718	4,876	690,594	613,646
Proprietary:												
Enterprise	433,351	1,320,600	1,753,951	1,321,230	630	1,213	1,569,000	1,570,213	1,390,342	4,022	1,394,364	175,849
Fiduciary:												
Expendable Trust	1,186	28,814	30,000	8,686	(20,128)	-	30,000	30,000	8,634	-	8,634	21,366
Total (Memorandum Only)	\$ 2,242,308	\$ 5,615,211	\$ 7,857,519	\$ 5,731,317	\$ 116,106	\$ 172,931	\$ 6,355,953	\$ 6,528,884	\$ 5,549,704	\$ 22,300	\$ 5,572,004	\$ 956,880

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 - DESCRIPTION OF THE ENTITY

The City of Brookville (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City operates under a council-mayor form of government and provides the following services: police protection, water and sewer utility services, street maintenance and repair, as well as other services.

Management believes the financial statements included in this report represent all of the funds of the City over which the City officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the City's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the City.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the City not required to be included in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The City had the following significant special revenue fund:

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

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The City had the following significant capital projects fund:

Capital Projects Fund - This fund receives special assessments to construct sidewalks and curbs and other general construction for the City.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The City had the following significant enterprise funds:

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

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

Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the City to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The City had the following significant fiduciary fund:

Expendable Trust Fund - This fund is used to account for donations for the police department and for monies held in escrow to construct a fire lane.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimate resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds (except Agency funds) are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund. Any budgetary modifications at this level may only be made by resolution of the City's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the City determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission finds the revised estimate to be reasonable. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The City adopted one appropriation modification during the year ended December 31, 2001.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The City had encumbrances at December 31, 2001.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the City considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the City with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the City totaled \$138,625 for the year ended December 31, 2001.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the City's funds. Instead, capital acquisition and construction costs are recorded as expenditures in the fund in the year expended. The costs of normal maintenance and repairs, along with improvements, are also expended. Depreciation is not recorded.

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the City.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the City had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

H. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the City's cash basis method of accounting.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 3 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2001</u>
Deposits:	
Demand Deposits	\$ 338,473
Certificates of Deposit	<u>1,450,000</u>
Total Deposits	<u>1,788,473</u>
Investments:	
Investments in STAR Ohio	<u>808,379</u>
Total Cash and Cash Equivalents	<u>\$2,596,852</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio is valued at amounts reported by the State Treasurer.

NOTE 4 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 4 - PROPERTY TAX - (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

NOTE 5 - DEBT OBLIGATION

At December 31, 2001, debt obligation consisted of the following issuance:

<u>Description:</u>	<u>Balance at 12/31/2001</u>
Ohio Water Development Authority (OWDA) note for waste water treatment plant improvements (Phase I) due in semi-annual installments of \$45,812 through 2010 bearing interest at 5%.	\$ 628,187
Ohio Public Works Commission (OPWC) note for Water Tower due in semi-annual installments of \$19,393 through 2014 bearing interest at 5%.	346,854
OPWC note for Wastewater Treatment Plant (Phase 1) due in semi-annual installments of \$21,347 through 2018 bearing no interest.	704,445
OPWC note for Wolfcreek Sanitary Trunk Main due in semi-annual installments of \$2,500 through 2012 bearing no interest.	<u>52,500</u>
Total debt obligation at December 31, 2001	<u>\$ 1,731,986</u>

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 5 - DEBT OBLIGATION - (Continued)

Transactions for the year ended December 31, 2001, are summarized as follows:

<u>Description</u>	<u>Balance at 12/31/2000</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at 12/31/2001</u>
OWDA - Wastewater Treatment Plant	\$ 686,215	\$ -	\$ (58,028)	\$ 628,187
OPWC - Water Tower	367,520	-	(20,666)	346,854
OPWC - Wastewater Treatment Plant	747,140	-	(42,695)	704,445
OPWC - Wolfcreek Sanitary Trunk Main	<u>57,500</u>	<u>-</u>	<u>(5,000)</u>	<u>52,500</u>
 Total debt obligations	 <u>\$ 1,858,375</u>	 <u>\$ -</u>	 <u>\$(126,389)</u>	 <u>\$1,731,986</u>

The principal and interest requirements to retire the debt obligation outstanding at December 31, 2001, is as follows:

<u>Year Ending December 31,</u>	<u>OWDA-SRF-113</u>		<u>OWPC-CD417</u>		<u>OWPC-CD007</u>	<u>OWPC-CT216</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2002	\$ 30,107	\$ 15,705	\$ 10,722	\$ 8,671	\$ 21,347	\$ 2,500	\$ 64,676	\$ 24,376
2003	62,490	29,134	22,255	16,531	42,694	5,000	132,439	45,665
2004	65,654	25,970	23,382	15,404	42,694	5,000	136,730	41,374
2005	68,978	22,646	24,566	14,220	42,694	5,000	141,238	36,866
2006	72,469	19,155	25,809	12,977	42,694	5,000	145,972	32,132
2007 - 2011	328,489	38,002	150,020	43,915	213,470	25,000	716,979	81,917
2012 - 2016	-	-	90,100	6,868	213,470	5,000	308,570	6,868
2017 - 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,382</u>	<u>-</u>	<u>85,382</u>	<u>-</u>
 Total	 <u>\$628,187</u>	 <u>\$150,612</u>	 <u>\$346,854</u>	 <u>\$118,586</u>	 <u>\$ 704,445</u>	 <u>\$ 52,500</u>	 <u>\$1,731,986</u>	 <u>\$269,198</u>

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 1.75% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. It also applies to the net income of business organizations located within the City. Tax receipts are accounted for in the General fund. The City collected \$1,946,533 in 2001 in income tax receipts.

NOTE 7 - RETIREMENT SYSTEMS

The City's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rate are also prescribed by the Ohio Revised Code. For 2001, members of OP&F contribute 10% of their wages to the OP&F. The City contributes an amount equal to 19.5% of their wages. OPERS members contribute 8.5% of their gross salaries. The City contributes an amount equal to 13.55% of participants' gross salaries.

NOTE 8 - RISK MANAGEMENT

The City has obtained commercial insurance for the following: Property, Liability, Automobile Liability, Employee Dishonesty, Theft, all with various deductibles.

The City also provides health and life insurance to full-time employees through a private carrier.

**CITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 9 - INTERFUND TRANSACATIONS

The City had the following interfund transactions for the year ended December 31, 2001:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 978,625
 <u>SPECIAL REVENUE FUNDS:</u>		
Street Construction, Maintenance & Repair	200,000	-
Park	50,000	-
Total Special Revenue Funds	<u>250,000</u>	<u>-</u>
 <u>CAPITAL PROJECTS FUND:</u>		
Other Capital Projects Fund	<u>638,625</u>	<u>-</u>
 <u>ENTERPRISE FUNDS:</u>		
Water	40,000	-
Sewer	35,000	-
Refuse	15,000	-
Total Enterprise Funds	<u>90,000</u>	<u>-</u>
 Total	 <u>\$ 978,625</u>	 <u>\$ 978,625</u>

The above transfers were made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 10 - CONTINGENT LIABILITY

LITIGATION

The City is currently not involved in litigation.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of Council and Mayor
City of Brookville
301 Sycamore Street
Brookville, Ohio 45309

We have audited the financial statements of the City of Brookville, Ohio, as of and for the year ended December 31, 2001, and have issued our report thereon dated March 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Brookville’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Members of Council and Mayor
City of Brookville, Montgomery County

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Brookville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to the management of the City in a separate letter dated March 17, 2003.

This report is intended for the information of the Council and management of the City of Brookville and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
March 17, 2003



**Auditor of State
Betty Montgomery**

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CITY OF BROOKVILLE

MONTGOMERY 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
JULY 29, 2003**