

VILLAGE OF BRIDGEPORT

BELMONT COUNTY, OHIO

REGULAR AUDIT

JANUARY 1, 2008 THROUGH DECEMBER 31, 2009

YEARS AUDITED UNDER GAGAS: 2009 AND 2008

GUEYE & ASSOCIATES, CPA

4028 Sweet Shadow Ave
Gahanna, OH 43230



Dave Yost • Auditor of State

January 18, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST
Auditor of State

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Mary Taylor, CPA

Auditor of State

Members of Council
Village of Bridgeport
301 Main Street
Bridgeport, Ohio 43912

We have reviewed the *Independent Auditor's Report* of the Village of Bridgeport, Belmont County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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Mary Taylor, CPA
Auditor of State

January 5, 2011

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**VILLAGE OF BRIDGEPORT
BELMONT COUNTY, OHIO**

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Independent Auditor's Report

December 31, 2010

Member of Council
Village of Bridgeport
Belmont County
301 Main Street
Bridgeport, Ohio 43912

To the Village Council:

We have audited the accompanying financial statements of the Village of Bridgeport (The Village), Belmont County, Ohio, as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in paragraph 6, 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 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 described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2009 and 2008. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

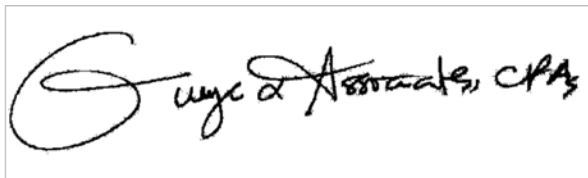
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position, or cash flows for the years then ended.

In 2007, a finding for adjustment was issued by the Auditor of State allocating \$21,000, \$2,400, \$2,400, and \$1,200 to the Water Operating Fund, Sewer Operating Fund, Street Construction, Maintenance and Repair Fund, and the Cemetery Fund, respectively from the General Fund. Due to the impact this adjustment would have on the General Fund, the Village has declined to make this adjustment in the prior years, as well as in this audit period.

Also, in our opinion, except for the effects of such adjustments, if any were made, to the financial statements due to the prior year finding for adjustments described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village, as of the December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink, enclosed in a thin black rectangular border. The signature reads "Gueye & Associates, CPA" in a cursive, stylized font.

Gueye & Associates, CPA

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2009**

	<u>Governmental Funds Types</u>			Totals (Memorandum Only)
	General	Special Revenue	Capital Project	
<u>Cash Receipts</u>				
Property and Other Taxes	\$ 137,537	\$ 27,202	\$ -	\$ 164,739
Intergovernmental Receipts	141,552	157,517	40,510	339,579
Charges for Services	248,770	6,703	-	255,473
Fines, Licenses and Permits	66,522	725	-	67,247
Earnings on Investments	547	562	-	1,109
Miscellaneous	25,251	595	-	25,846
Total Cash Receipts	<u>620,179</u>	<u>193,304</u>	<u>40,510</u>	<u>853,993</u>
<u>Disbursements:</u>				
Security of Persons and Property	360,615	64,828	-	425,443
Public Health Services	7,292	6,179	-	13,471
Leisure Time Activities	1,404	-	-	1,404
Basic Utility Services	101,562	-	-	101,562
Transportation	-	39,891	-	39,891
General Government	133,650	31,463	-	165,113
Capital Outlay	-	8,695	144,841	153,536
Redemption of Principal	4,094	32,857	-	36,951
Interest and Other Fiscal Changes	847	5,503	-	6,350
Total Cash Disbursements	<u>609,464</u>	<u>189,416</u>	<u>144,841</u>	<u>943,721</u>
Total Receipts Over (Under) Disbursements	10,715	3,888	(104,331)	(89,728)
<u>Other Financing Receipts (Disbursements)</u>				
Other Debt Proceeds	-	-	92,792	92,792
Advances In	30,000	22,000	-	52,000
Advances Out	(30,000)	(22,000)	-	(52,000)
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>-</u>	<u>92,792</u>	<u>92,792</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements	10,715	3,888	(11,539)	3,064
Fund Cash Balance, January 1	<u>18,619</u>	<u>129,442</u>	<u>40,613</u>	<u>188,674</u>
Fund Cash Balance December 31	<u>\$ 29,334</u>	<u>\$ 133,330</u>	<u>\$ 29,074</u>	<u>\$ 191,738</u>

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

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2009**

	Proprietary Fund Type	Fiduciary Fund Types		Total Memorandum (Only)
		Private Purpose Trust	Agency	
<u>Operating Cash Receipts:</u>				
Charges for Services	\$ 589,536	\$ -	\$ 51,781	\$ 641,317
Miscellaneous	13,803	-	-	\$ 13,803
Total Cash Receipts	<u>603,339</u>	<u>-</u>	<u>51,781</u>	<u>655,120</u>
<u>Operating Cash Disbursements:</u>				
Personal Services	106,002	-	-	106,002
Employee Fringe Benefits	45,605	-	-	45,605
Contractual Services	130,137	-	-	130,137
Supplies and Materials	113,977	-	-	113,977
Other	3,950	-	77,015	80,965
Total Cash Disbursements	<u>399,671</u>	<u>-</u>	<u>77,015</u>	<u>476,686</u>
<u>Non-Operating Cash Receipts:</u>				
Property and Other Local Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessment	30,060	-	-	30,060
Miscellaneous Receipts	1,198	-	-	1,198
Total Non-Operating Cash Receipts	<u>31,258</u>	<u>-</u>	<u>-</u>	<u>31,258</u>
<u>Non-Operating Cash Disbursements:</u>				
Redemption of Principal	143,628	-	-	143,628
Interest and Fiscal Charges	51,912	-	-	51,912
Other Financing Uses	8,762	-	-	8,762
Total Non-Operating Cash Disbursements	<u>204,302</u>	<u>-</u>	<u>-</u>	<u>204,302</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	30,624	-	(25,234)	5,390
<u>Other Financing Receipts (Disbursements)</u>				
Advances In	150,001	-	-	150,001
Advances Out	(150,001)	-	-	(150,001)
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receipts over Disbursements	30,624	-	(25,234)	5,390
Fund Cash Balance, January 1	<u>110,163</u>	<u>1,000</u>	<u>25,234</u>	<u>136,397</u>
Fund Cash Balance December 31	<u>\$ 140,787</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 141,787</u>

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

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2008**

	<u>Governmental Funds Types</u>			Totals (Memorandum Only)
	General	Special Revenue	Capital Project	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 152,330	\$ 29,274	\$ -	\$ 181,604
Intergovernmental Receipts	168,613	111,002	136,086	415,701
Charges for Services	218,948	13,300	-	232,248
Fines, Licenses and Permits	77,830	5,033	-	82,863
Earnings on Investments	4,973	-	-	4,973
Miscellaneous	21,557	44	27,706	49,307
Total Cash Receipts	<u>644,251</u>	<u>158,653</u>	<u>163,792</u>	<u>966,696</u>
<u>Disbursements:</u>				
Security of Persons and Property	389,806	17,528	-	407,334
Public Health Services	8,079	10,135	-	18,214
Leisure Time Activities	1,405	-	-	1,405
Basic Utility Services	89,167	-	-	89,167
Transportation	-	36,638	-	36,638
General Government	124,962	29,420	-	154,382
Capital Outlay	-	-	385,739	385,739
Redemption of Principal	38,903	21,273	-	60,176
Interest and Other Fiscal Changes	1,463	7,685	-	9,148
Total Cash Disbursements	<u>653,785</u>	<u>122,679</u>	<u>385,739</u>	<u>1,162,203</u>
 Total Receipts Over (Under) Disbursements	 (9,534)	 35,974	 (221,947)	 (195,507)
<u>Other Financing Receipts (Disbursements)</u>				
Other Debt Proceeds	-	-	257,789	257,789
Sale of Fixed Assets	412	-	-	412
Advances In	75,000	64,000	12,000	151,000
Advances Out	(60,000)	(75,000)	(16,000)	(151,000)
Total Other Financing Receipts (Disbursements)	<u>15,412</u>	<u>(11,000)</u>	<u>253,789</u>	<u>258,201</u>
 Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements	 5,878	 24,974	 31,842	 62,694
 Fund Cash Balance, January 1	 <u>12,741</u>	 <u>104,468</u>	 <u>8,771</u>	 <u>125,980</u>
Fund Cash Balance December 31	<u>\$ 18,619</u>	<u>\$ 129,442</u>	<u>\$ 40,613</u>	<u>\$ 188,674</u>

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

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2008**

	Proprietary Fund Type	Fiduciary Fund Types		Total Memorandum (Only)
		Private Purpose Trust	Agency	
<u>Operating Cash Receipts:</u>				
Charges for Services	\$ 678,648	\$ -	\$ 346,987	\$ 1,025,635
Miscellaneous	4,693	-	-	4,693
Total Cash Receipts	<u>683,341</u>	<u>-</u>	<u>346,987</u>	<u>1,030,328</u>
<u>Operating Cash Disbursements:</u>				
Personal Services	144,985	-	-	144,985
Employee Fringe Benefits	51,354	-	-	51,354
Contractual Services	117,141	-	-	117,141
Supplies and Materials	147,126	-	-	147,126
Other	4,792	-	347,799	352,591
Total Cash Disbursements	<u>465,398</u>	<u>-</u>	<u>347,799</u>	<u>813,197</u>
<u>Non-Operating Cash Receipts:</u>				
Property and Other Local Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessment	30,327	-	-	30,327
Miscellaneous Receipts	28,503	-	-	28,503
Total Non-Operating Cash Receipts	<u>58,830</u>	<u>-</u>	<u>-</u>	<u>58,830</u>
<u>Non-Operating Cash Disbursements:</u>				
Capital Outlay	577	-	-	577
Redemption of Principal	236,161	-	-	236,161
Interest and Fiscal Charges	67,472	-	-	67,472
Total Non-Operating Cash Disbursements	<u>304,210</u>	<u>-</u>	<u>-</u>	<u>304,210</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	(27,437)	-	(812)	(28,249)
<u>Other Financing Receipts (Disbursements)</u>				
Advances In	217,800	-	-	217,800
Advances Out	(217,800)	-	-	(217,800)
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receipts over Disbursements	(27,437)	-	(812)	(28,249)
Fund Cash Balance, January 1	<u>137,600</u>	<u>1,000</u>	<u>26,046</u>	<u>164,646</u>
Fund Cash Balance December 31	<u>\$ 110,163</u>	<u>\$ 1,000</u>	<u>\$ 25,234</u>	<u>\$ 136,397</u>

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

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bridgeport, Belmont County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, including street lighting, park operations (leisure time activities), fire and emergency medical services, and police services. The Village also provides water, sewer, and garbage utilities.

The Village participates in the Bel-O-Mar Regional Council and the Eastern Ohio Regional Transit Authority, which are defined as jointly governed organizations. Note 10 to the financial statements provide additional information for these entities.

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

B. Basis of Accounting

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

These statements adequately disclose material matters the Auditor of State prescribes.

C. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Fire and EMS Levy Fund – This fund receives the proceeds of property taxes levied for fire and emergency management services, and is used to acquire fire equipments, and finance fire and emergency operations.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds

These funds account for resources restricted to acquiring and constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Kirkwood Heights Sewer Project Fund: - This fund receives federal and state grant revenues for the construction of a sanitary sewer line for the Kirkwood Heights section of the Village.

4. Enterprise Funds

These funds account for the operations that are similar to private business enterprises, where management intends to cover the significant costs of providing certain goods and services through user charges. The Village had the following significant enterprise funds:

Water Operating Fund – This fund receives charges for services revenue from Village residents to cover water service costs.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations or other governments, which are not available to support the Village's own programs. The Village's private purpose trust fund provides perpetual care for the Watson Lot at the Weeks Cemetery.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations and other governments. The Village disburses these funds as directed by the individual, organizations, or other governments. The Village's agency fund accounts for water utility collection on behalf of the Belmont County Water for the Lansing area. Starting in April 2009, the Village is no longer collecting water utility monies for the Belmont County Water.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year are cancelled and reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

F. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$ 137,469	\$ 188,674
Money Market Deposit Accounts	<u>196,056</u>	<u>136,397</u>
Total Cash and Investments	<u><u>\$ 333,525</u></u>	<u><u>\$ 325,071</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$589,349	\$620,179	\$30,830
Special Revenue	161,030	193,304	32,274
Capital Projects	12,000	133,302	121,302
Enterprise	692,500	634,597	(57,903)
Total	\$1,454,879	\$1,581,382	\$126,503
2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$607,785	\$609,464	(\$1,679)
Special Revenue	117,912	189,416	(71,504)
Capital Projects	0	144,841	(144,841)
Enterprise	688,950	603,973	84,977
Total	\$1,414,647	\$1,547,694	(\$133,047)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$644,500	\$644,663	\$163
Special Revenue	185,530	158,653	(26,877)
Capital Projects	50,917	421,581	370,664
Enterprise	740,500	742,171	1,671
Total	\$1,621,447	\$1,967,068	\$345,621

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$637,098	\$653,785	(\$16,687)
Special Revenue	126,580	122,679	3,901
Capital Projects	0	385,739	(385,739)
Enterprise	752,954	769,608	(16,654)
Total	\$1,516,632	\$1,931,811	(\$415,179)

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

4. PROPERTY TAX

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

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$1,947,079	1.50%
General Obligation Notes	82,256	4.75% - 4.97%
Mortgage Revenue Bonds	528,000	5.00%
Police and Fire Pension Liability	44,484	4.20%
OPWC Kirkwood Heights Sewer Projects	311,530	2.00%
Total	<u>\$2,913,349</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$2,560,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$61,917, including interest, over 25 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The General Obligation Notes relate to financing of a fire truck, and a new police cruiser. These loans are payable in monthly or annual installments at annual percentage rates of 4.75% through 4.97%. The Village has pledged these assets as security for these loans.

In April 1978, the Village issued mortgage revenue bonds totaling \$1,270,000 and used the proceeds to improve its water system. The notes are being amortized over 40 years with annual installments of principal and interest. The loan is collateralized by water receipts.

The Village's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2009 was \$251,950 in principal and interest payments through the year 2035. Only the principal amount of \$44,848 as of December 31, 2009, is included in the debt schedule above. Payments are made from property tax receipts into the Police and Fire Pension Special Revenue Fund.

The Village currently has an outstanding Ohio Public Works Commission (OPWC) loan in the amount of \$311,530 relating to the Kirkwood Heights sanitary sewer project. The loan is collateralized by sewer receipts. The loan will be amortized over 25 years with annual installment of principal and interest beginning in 2010.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

5. DEBT (Continued)

Amortization of the above debt, including interest, follows:

Year ending December 31:	OWDA	General	Mortgage	Police and Fire	OPWC	Totals
		Obligation Notes	Revenue Bonds	Pension Liability	Kirkwood Heights Sewer Proejct	
2010	\$ 123,833	\$ 24,941	\$ 74,400	\$ 3,897	\$ 18,976	\$ 246,047
2011	123,833	59,704	74,000	3,897	18,976	280,410
2012	123,833	4,941	74,500	3,897	18,976	226,147
2013	123,833		73,850	3,897	18,976	220,556
2014	123,833		74,100	3,897	18,976	220,806
2015-2019	619,166		297,900	19,484	94,878	1,031,428
2020-2024	619,166		-	19,484	94,878	733,528
2025-2029	371,500		-	19,484	94,878	485,862
2030-2034	-		-	3,789	-	3,789
Total	2,228,997	89,586	668,750	81,726	379,514	3,448,573
Less Interest	(281,918)	(7,330)	(140,750)	(37,242)	(67,984)	(535,224)
Principal Balance	\$1,947,079	\$ 82,256	\$ 528,000	\$ 44,484	\$ 311,530	\$ 2,913,349

On January 15, 2008, the Village approved Ordinance 2008-03 to issue up to \$350,000 one-year general obligation note with a local bank to complete construction of a sanitary sewer line for the Kirkwood Heights section of the Village. The note was to be amortized over one year with \$2,000 in principal and interest each month and the balance to be paid as a lump sum in January 2009. In 2008, the Village drew down \$214,794 and paid \$100,285 in principal. The balance was refinanced in January 2009 under the same payment terms. In 2009, the Village drew down \$52,282 and paid \$51,666 in principal. At December 31, 2009, the ending balance was \$115,125. In February 2010, the Village refinanced the remaining balance of \$112,195 under the same payment terms.

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

8. COMPLIANCE

Contrary to the Ohio Revised Code Section 5705.41 (B), expenditures exceeded appropriations for the General Fund, the Special Revenue Funds and the Capital Project Funds by \$1,680, \$71,504, and \$144,802 respectively in 2009. And, in 2008, expenditures exceeded appropriations for the General Fund, the Capital Project Fund and the Enterprise Fund by \$16,687, \$385,739, and \$16,654, respectively in 2008.

Contrary to the Ohio Revised Code Section 5705.41(D), the Village did not properly certify the availability of funds prior to incurring the obligations for 43% and 72% of the expenditures tested in 2009 and 2008, respectively.

Contrary to the Ohio Revised Code Section 5704.36(A)(3) and Ohio Revised Code Section 5705.40, the Village did not request increased amended certificate of estimated resources or pass amended appropriations for additional revenues including Ohio Public Works Commissions monies that were paid to contractors on behalf of the Village.

Contrary to the Ohio Administrative Code 117-2-02(C)(1), the Village posted several non-approved amendments to its appropriations and estimated resources to the accounting system.

Contrary to the Ohio Revised Code 5705.10(H), the Village did not record the Findings for adjustment issued in the prior year, reallocating monies to different funds from the General Fund.

9. CONTINGENT LIABILITIES

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

10. JOINTLY GOVERNED ORGANIZATIONS

The Bel-O-Mar Regional Council is operated as a not-for-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia (Ohio, Marshall and Wetzel Counties). The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by each local government within Belmont County. The Council is not dependent upon the Village of Bridgeport for its continued existence, no debt exists, and the Village does not maintain an equity interest.

The Eastern Ohio Regional Transit Authority was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine local mayors of the municipalities served by the Authority. The continued existence of the Authority is not dependent upon the Village's continued participation and no equity interest exists for which the Village is responsible.

11. SUBSEQUENT EVENTS

On February 10, 2010, the Village refinanced the notes payable from Citizens Bank used for the construction of a sanitary sewer line for the Kirkwood Heights section of the Village. The refinancing amount is in the amount of \$112,195, was issued at 4.79% and is to be repaid at the rate of \$2,000 per month during 2010. The balance of principal and interest are due at maturity on January 15, 2011.



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Independent Accountant's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

December 31, 2010

Members of Council
Village of Bridgeport
Belmont County
Bridgeport, Ohio 45820

We have audited the financial statements of the Village of Bridgeport (the Village), Belmont County, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated December 31, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village declined to record the prior year finding for adjustments reallocating monies from the General Fund to the Water Operating, Sewer Operating, Street Construction, Maintenance and Repair, and Cemetery Fund in its books. 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.

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 auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

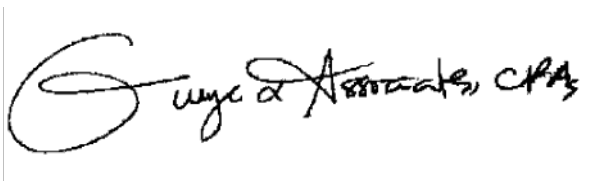
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider findings 2009-03, 2009-04, and 2009-06 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 four instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as findings No. 2009-001, 2009-002, 2009-004, 2009-05, and 2009-06.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of management, members of the Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink, reading "Gueye & Associates, CPA". The signature is written in a cursive style and is enclosed within a thin black rectangular border.

Gueye & Associates, CPA

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS and RESPONSES
DECEMBER 31, 2009 AND 2008**

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

Finding Number 2009-001

Non-Compliance Citation: Expenditures Limited by Appropriations

The Ohio Rev. Code Section 5705.41 (B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. The following funds had expenditures that exceeded appropriations:

<u>2009</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
	General	607,785	609,464	(\$1,679)
	Special Revenue	117,912	189,416	(71,504)
	Capital Projects	0	144,841	(144,841)
2008	General	637,098	653,785	(16,687)
	Capital Projects	0	385,739	(385,739)
	Enterprise	752,954	769,608	(16,654)

Failure to limit expenditures by the approved appropriations could result in deficit spending which could lead to deficit fund balances. Although the Village posted amendments to appropriations in its books, those appropriations were not approved by Council, and therefore not included in the computation above.

The Village should limit all expenditures to within the approved appropriation amounts. In addition, when expenditures will exceed the approved appropriation amounts, amended or supplemental appropriations need to be issued and approved by Council before being posted to the Village’s accounting records.

Village Response:

We have practiced making arbitrary appropriations for expenditures after the receipts have been received. The appropriations on the books are within available funds, but not approved by Council. We will cease making the entries until approval has been made.

Finding Number 2009-002

Non-Compliance Citation: Certification of Expenditures

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 meeting 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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 Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code:

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding Number 2009-002

Non-Compliance Citation: Certification of Expenditures (Continued)

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made “then” and at the time that the fiscal officer is completing the certification “now”, that 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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without a resolution or ordinance of the Village 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 Village.

Blanket Certificate - Fiscal officers may prepare “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

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 43% and 72% of transactions tested in 2009 and 2008, respectively, and there was no evidence of a “Then and Now” certificate being utilized. On most occasions the Fiscal Officer would not prepare the purchase order until after the invoice was received.

Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

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 the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Village. When prior certification is not possible, “then and now” certificates should be used.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding Number 2009-002 (Continued)

Non-Compliance Citation: Certification of Expenditures (Continued)

We recommend the Village certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Village incurring a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation..

Village Response:

We believe this problem has been greatly reduced by the use of blanket certificates. The blanket certificates have encumbered funds and assured funds for payments of expenditures. Further review for weakness will be exercised.

Finding Number 2009-003

Material Weakness: Posting of Transactions in Accounting System

Ohio Administrative Code Section 117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Ohio Village Officer's Handbook (revised March 2009) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

During 2009 and 2008, the Village did not always post receipts/expenditures to the accurate receipt/expenditure classifications, based upon the source of the receipt/purpose of disbursement.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2009-003(Continued)

Material Weakness: Posting of Transactions in Accounting System (Continued)

In 2008, the Village posted:

- Advertising Permits and Police Protection service monies received from various entities totaling \$6,750 and 2,441 respectively to “Miscellaneous Revenues” instead of “Fines, Licenses and Permits” and “Charges for Services” within the General Fund.
- Deregulation monies received from the County Auditor in the amount of \$2,459 and \$2,765 to “Property and Local Taxes” instead of “Intergovernmental” within the General Fund and Special Revenue Funds respectively.
- County permissive motor vehicle license tax monies in the amount of \$4,799 to “Fines, Licenses and Permits” instead of “Intergovernmental” within the Permissive Motor Vehicle License Tax Fund.
- Police Protection monies from the Village of Brookside in the amount of \$6,120 posted to the Fire Fund instead of the General Fund.
- Reimbursement of the Police & Fire Pension Liability in the amount of \$3,897 to “Security of Persons and Property” instead of “Redemption of Principal” and “Interest and Other Fiscal Charges” within the Police Pension Fund.
- Principal payment of \$20,000 for the Kirkwood Sewer Project from the Capital Project Fund instead of the Enterprise Debt Service Fund.
- A prior year balance of the Agency Fund in the amount of \$26,046 as a receipt for the current year, and receipts of \$25,462 in 2008 were recorded in 2009.

In 2009, the Village posted:

- Advertising Permits from various entities totaling \$6,750 to “Miscellaneous Revenues” instead of “Fines, Licenses and Permits” and “Charges for Services” respectively within the General Fund.
- Police Protection service monies received from various entities totaling \$29,989 to “Miscellaneous Revenues” and “Intergovernmental” instead of “Charges for Services” within the General Fund
- Reimbursement of expenditures in the amount of \$ 23,113 from different Village’s department following an approved allocation plan to “Intergovernmental” instead of “Charges for Services” within the General Fund.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS & RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2009-003(Continued)

Material Weakness: Posting of Transactions in Accounting System (Continued)

- Deregulation monies received from the County Auditor in the amount of \$13,839 and \$3,320 to “Property and Local Taxes” instead of “Intergovernmental” within the General Fund and Special Revenue Funds respectively.
- County permissive motor vehicle license tax monies in the amount of \$7,227 to “Fines, Licenses and Permits” instead of “Intergovernmental” within the Permissive Motor Vehicle License Tax Fund.
- A correction to the 2008 posting of \$6,120 to the Fire Fund instead of the General Fund by making an unapproved transfer from that fund to the General Fund.
- Reimbursement of the Police & Fire Pension Liability in the amount of \$18,360 to “Security of Persons and Property” instead of “Redemption of Principal” and “Interest and Other Fiscal Charges” within the Police Pension Fund.

The Village adjusted the accompanying financial statements to reflect all items noted in the preceding paragraphs.

We recommend the Village utilize available authoritative resources including the Village Officer’s Handbook to appropriately classify receipt/expenditure transactions.

Village Response:

We will utilize available authoritative resources including the Village Officer’s Handbook to appropriately classify transactions.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS & RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2009-004

Non-Compliance Citation/Material Weakness: Posting of OPWC Loan Proceeds

Ohio Rev. Code Section 5705.40 states 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 and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

Ohio Rev. Code Section 5705.36(A)(3) allows all subdivisions to request an increased amended certificate of estimated resources upon a determination by the fiscal officer that revenue to be collected will be greater than the amount included 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.

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.

During 2009 and 2008, the Village did not record OPWC loan transactions on their accounting records or financial statements in the amount of \$40,510 and \$42,995, respectively. The Fiscal Officer did not record the subsequent expenditure of these monies on the accounting records or financial statements, nor did the Fiscal Officer amend estimated revenues for the OPWC monies received in 2009 or 2008. The Village Council did not amend appropriations for the project funded through the OPWC monies.

The Village adjusted the accompanying financial statements to reflect the OPWC activity noted in the preceding paragraph.

We recommend the Village 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, as well as proceeds of OPWC loans. We further 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.

Village Response:

We will refer to the Auditor of State Bulletins and follow recommended accounting treatment for all OPWC funding expended to contractors. We will monitor appropriations amending them as appropriate in the future.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS & RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2009-005

Non-Compliance Citation: Posting of Budgetary Information in Accounting Ledgers

The Ohio Admin. Code 117-2-02©(1) states in part: all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means that the accounting system should provide ongoing, accurate and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances. It also means that only those appropriations approved by Council and those amended resources filed with the County Auditor should be posted.

Any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them. "Transfers" may be made by resolution or ordinance from one appropriation item to another. Subject to certain limitations, the annual appropriation measure may contain an appropriation for contingencies

Rulings filed in the case of C. B. Transportation, Inc. v. Butler County Board of Mental Retardations, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979), as well as Burkholder v. Lauber, 6 Ohio Misc. 152 (1965), held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code section 5705.40.

The Village posted several amendments to its resources and appropriations in its accounting system. However, none of those amendments were approved by Council (appropriations) or filed with the County Budget Commission (estimated resources).

The Budgetary disclosures on Note 3 to the Financial Statements do not include any of the unapproved amendments.

The Village should ensure that only those appropriations and amendments thereto approved by Council are posted to its accounting system. Also only those amendments to revenues certified by a duly filed copy of Amendment Estimated Resources filed with the County Auditor are posted to the UAN System.

Village Response:

We have already taken care of this issue, and will continue to follow the procedure approved by Council and file with the Budget Commission.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS & RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2009-006

Non-Compliance Citation / Material Weakness:

Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established. A municipality may lawfully pay into its general fund from the revenues of its waterworks, and sewer rentals, as a part of the cost of operation of such utility, a reasonable portion of the expenses of the general administrative offices and departments of the municipality which in any way contribute to the operation of such waterworks. 1952 Op. Atty. Gen. No. 1533; See also Ohio Rev. Code Sections 729.52, 743.05, 743.06. A reasonable cost allocation plan must be developed and adhered to.

In 2008 and 2009, the General Fund received 27,000 in allocations from the Street, Construction Maintenance & Repair, Cemetery, Water Operating, and Sewer Operating Funds in the amounts of \$2,400, \$1,200, \$21,000, and \$2,400. This allocation of monies for administrative costs incurred on-behalf of the above noted departments; however, there was no support for the chargebacks through a formal cost allocation plan, nor was there any other support for the allocation methodology. The amounts charged were based on estimates/averages rather than actual amounts. Although the Village had approved a cost allocation plan, it was not reasonable and the actual allocations made to the General Fund did not adhere to the Village's plan.

The Village should contract with a consultant to develop a reasonable cost allocation plan, which would include the following items at the minimum:

- The General Fund costs that cannot be allocated to other funds
- The funds that would not be permissible to allocate funds to
- Which costs may be directly billed/allocated to various funds when paid
- A reasonable method to allocate costs that are identified as permissible for allocation.

Once a reasonable cost allocation plan is developed, the Village should ensure that all monies allocated follow the cost allocation plan in the future.

Village Response:

The Village will follow auditor's recommendation and utilize the services of a consultant to develop a reasonable cost allocation plan

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Findings for Adjustment/General Fund allocation	No	Repeated as Finding # 2009-006
2007-002	Certification of Expenditures ORC Section 5705.41(D)	No	Repeated as Finding # 2009-002
2007-003	Expenditures in excess of Appropriations ORC Section 5705.41(B)	No	Repeated as Finding # 2009-001
2007-004	Material Weakness: Posting of Transactions	No	Repeated as Finding # 2009 - 003
2007-005	Posting of OPWC monies in the accounting ledgers	No	Repeated as Finding # 2009 - 004

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Mary Taylor, CPA
Auditor of State

VILLAGE OF BRIDGEPORT

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
JANUARY 18, 2011**