

VILLAGE OF BRIDGEPORT

BELMONT COUNTY, OHIO

REGULAR AUDIT

JANUARY 1, 2010 THROUGH DECEMBER 31, 2011

YEARS AUDITED UNDER GAGAS: 2011 AND 2010

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of Bridgeport, Belmont County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2010 through December 31, 2011. 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 Accountants' 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 Accountants' 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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Dave Yost
Auditor of State

December 6, 2012

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VILLAGE OF BRIDGEPORT
BELMONT COUNTY, OHIO

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Independent Accountants' Report

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, 2011 and 2010. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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.

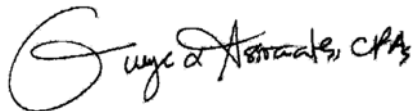
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position, or cash flows, where applicable, 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, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2012, 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 that reads "Gueye & Associates, CPA". The signature is written in a cursive, flowing style.

Gueye & Associates, CPA

November 9, 2012

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, 2011**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	General	Special Revenue	Capital Project	
<u>Cash Receipts</u>				
Property and Other Taxes	\$ 132,409	\$ 25,802	\$ -	\$ 158,211
Intergovernmental Receipts	136,647	139,911	63,400	339,958
Charges for Services	218,950	54,766	-	273,716
Fines, Licenses and Permits	57,590	-	-	57,590
Earnings on Investments	376	162	-	538
Miscellaneous	31,299	11,250	-	42,549
Total Cash Receipts	<u>577,271</u>	<u>231,891</u>	<u>63,400</u>	<u>872,562</u>
<u>Disbursements:</u>				
Security of Persons and Property	303,752	40,335	-	344,087
Public Health Services	5,746	8,889	-	14,635
Leisure Time Activities	1,500	-	-	1,500
Basic Utility Services	99,141	-	-	99,141
Transportation	-	43,099	-	43,099
General Government	111,125	34,340	-	145,465
Capital Outlay	22,218	20,108	63,400	105,726
Redemption of Principal	24,904	17,955	-	42,859
Interest and Other Fiscal Changes	3,730	4,433	-	8,163
Total Cash Disbursements	<u>572,116</u>	<u>169,159</u>	<u>63,400</u>	<u>804,675</u>
 Total Receipts Over (Under) Disbursements	 5,155	 62,732	 -	 67,887
<u>Other Financing Receipts (Disbursements)</u>				
Proceeds from the sale of notes	20,265	-	-	20,265
Advances In	40,000	-	-	40,000
Advances Out	(40,000)	-	-	(40,000)
Other Financing Sources	1,752	-	-	1,752
Special Item	150	-	-	150
Total Other Financing Receipts (Disbursements)	<u>22,167</u>	<u>-</u>	<u>-</u>	<u>22,167</u>
 Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements	 27,322	 62,732	 -	 90,054
 Fund Cash Balance, January 1	 <u>92,978</u>	 <u>159,121</u>	 <u>29,074</u>	 <u>281,173</u>
 Fund Cash Balance December 31				
Restricted	-	221,853	29,074	250,927
Unassigned (Deficit)	120,300	-	-	120,300
Fund Cash Balance December 31	<u>\$ 120,300</u>	<u>\$ 221,853</u>	<u>\$ 29,074</u>	<u>\$ 371,227</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, 2011**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	Total Memorandum (Only)
	Enterprise Funds	Private Purpose Trust	
<u>Operating Cash Receipts:</u>			
Charges for Services	\$ 680,834	\$ -	\$ 680,834
Miscellaneous	6,712	-	6,712
Total Cash Receipts	<u>687,546</u>	<u>-</u>	<u>687,546</u>
<u>Operating Cash Disbursements:</u>			
Personal Services	69,338	-	69,338
Employee Fringe Benefits	27,770	-	27,770
Contractual Services	152,409	-	152,409
Supplies and Materials	94,458	-	94,458
Other	417	-	417
Total Cash Disbursements	<u>344,392</u>	<u>-</u>	<u>344,392</u>
<u>Non-Operating Cash Receipts:</u>			
Special Assessment	29,384	-	29,384
Miscellaneous Receipts	209	-	209
Total Non-Operating Cash Receipts	<u>29,593</u>	<u>-</u>	<u>29,593</u>
<u>Non-Operating Cash Disbursements:</u>			
Redemption of Principal	217,913	-	217,913
Interest and Fiscal Charges	73,355	-	73,355
Total Non-Operating Cash Disbursements	<u>291,268</u>	<u>-</u>	<u>291,268</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	81,479	-	81,479
<u>Other Financing Receipts (Disbursements)</u>			
Advances In	80,000	-	80,000
Advances Out	(80,000)	-	(80,000)
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>
Net Receipts over Disbursements	81,479	-	81,479
Fund Cash Balance, January 1	<u>146,763</u>	<u>1,000</u>	<u>147,763</u>
Fund Cash Balance December 31	<u>\$ 228,242</u>	<u>\$ 1,000</u>	<u>\$ 229,242</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, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	General	Special Revenue	Capital Project	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 144,235	\$ 28,062	\$ -	\$ 172,297
Intergovernmental Receipts	171,777	122,257	-	294,034
Charges for Services	226,872	22,999	-	249,871
Fines, Licenses and Permits	59,911	2,274	-	62,185
Earnings on Investments	355	346	-	701
Miscellaneous	16,076	5,153	-	21,229
Total Cash Receipts	<u>619,226</u>	<u>181,091</u>	-	<u>800,317</u>
<u>Disbursements:</u>				
Security of Persons and Property	307,004	20,866	-	327,870
Public Health Services	5,880	9,191	-	15,071
Leisure Time Activities	1,500	-	-	1,500
Basic Utility Services	92,194	-	-	92,194
Transportation	-	42,213	-	42,213
General Government	136,838	59,067	-	195,905
Redemption of Principal	13,503	18,534	-	32,037
Interest and Other Fiscal Changes	770	5,429	-	6,199
Total Cash Disbursements	<u>557,689</u>	<u>155,300</u>	-	<u>712,989</u>
 Total Receipts Over (Under) Disbursements	 61,537	 25,791	 -	 87,328
<u>Other Financing Receipts (Disbursements)</u>				
Sale of Fixed Assets	2,107	-	-	2,107
Advances In	-	35,120	5,000	40,120
Advances Out	-	(35,120)	(5,000)	(40,120)
Total Other Financing Receipts (Disbursements)	<u>2,107</u>	<u>-</u>	<u>-</u>	<u>2,107</u>
 Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements	 63,644	 25,791	 -	 89,435
 Fund Cash Balance, January 1	 <u>29,334</u>	 <u>133,330</u>	 <u>29,074</u>	 <u>191,738</u>
Fund Cash Balance December 31	<u>\$ 92,978</u>	<u>\$ 159,121</u>	<u>\$ 29,074</u>	<u>\$ 281,173</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, 2010**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Total Memorandum (Only)</u>
	<u>Enterprise Funds</u>	<u>Private Purpose Trust</u>	
<u>Operating Cash Receipts:</u>			
Charges for Services	\$ 601,131	\$ -	\$ 601,131
Miscellaneous	10,374	-	10,374
Total Cash Receipts	<u>611,505</u>	<u>-</u>	<u>611,505</u>
<u>Operating Cash Disbursements:</u>			
Personal Services	91,540	-	91,540
Employee Fringe Benefits	43,269	-	43,269
Contractual Services	138,202	-	138,202
Supplies and Materials	109,882	-	109,882
Other	2,927	-	2,927
Total Cash Disbursements	<u>385,820</u>	<u>-</u>	<u>385,820</u>
<u>Non-Operating Cash Receipts:</u>			
Intergovernmental	165	-	165
Special Assessment	33,341	-	33,341
Miscellaneous Receipts	4,503	-	4,503
Total Non-Operating Cash Receipts	<u>38,009</u>	<u>-</u>	<u>38,009</u>
<u>Non-Operating Cash Disbursements:</u>			
Redemption of Principal	192,146	-	192,146
Interest and Fiscal Charges	65,572	-	65,572
Total Non-Operating Cash Disbursements	<u>257,718</u>	<u>-</u>	<u>257,718</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	5,976	-	5,976
<u>Other Financing Receipts (Disbursements)</u>			
Advances In	293,120	-	293,120
Advances Out	<u>(293,120)</u>	<u>-</u>	<u>(293,120)</u>
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>
Net Receipts over Disbursements	5,976	-	5,976
Fund Cash Balance, January 1	<u>140,787</u>	<u>1,000</u>	<u>141,787</u>
Fund Cash Balance December 31	<u>\$ 146,763</u>	<u>\$ 1,000</u>	<u>\$ 147,763</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, 2011 AND 2010**

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 9 to the financial statements provides 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, 2011 AND 2010**

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.

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, 2011 AND 2010**

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 2011 and 2010 budgetary activity appears in Note 3.

E. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. 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:

	2011	2010
Demand deposits	\$ 452,946	\$ 281,483
Money Market Deposit Accounts	147,523	147,453
Total Cash and Investments	\$ 600,469	\$ 428,936

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$596,460	\$599,438	\$2,978
Special Revenue	218,783	231,891	13,108
Capital Projects	63,400	63,400	0
Enterprise	749,997	717,139	(32,858)
Total	\$1,628,640	\$1,611,868	(\$16,772)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$610,169	\$572,116	\$38,053
Special Revenue	213,748	169,159	44,589
Capital Projects	63,400	63,400	0
Enterprise	722,266	635,660	86,606
Total	\$1,609,583	\$1,440,335	\$169,248

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

3. BUDGETARY ACTIVITY (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$588,000	\$621,333	\$33,333
Special Revenue	126,500	181,091	54,591
Capital Projects	0	0	0
Enterprise	692,900	649,514	(43,386)
Total	\$1,407,400	\$1,451,938	\$44,538

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$636,353	\$557,689	\$78,664
Special Revenue	166,652	155,300	11,352
Capital Projects	20,000	0	20,000
Enterprise	734,731	643,538	91,193
Total	\$1,557,736	\$1,356,527	\$201,209

Contrary to the Ohio Revised Code, the Village had appropriation in excess of the estimated resources in 2010 by \$19,019 and 9,570 for the General Fund, and the Fire Fund, respectively.

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, 2011 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$1,706,936	1.50%
General Obligation Notes	51,220	4.75% - 4.97%
Mortgage Revenue Bonds	430,000	5.00%
Police and Fire Pension Liability	40,453	4.20%
OPWC Kirkwood Heights Sewer Projects	279,024	2.00%
Total	\$2,507,633	

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

5. DEBT (Continued)

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, 2011 was \$72,660 in principal and interest payments through the year 2031. Payments are made from property tax received 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 \$279,024 relating to the Kirkwood Heights sanitary sewer project. The loan is collateralized by sewer receipts. The loan will be amortized over 25 years with bi-annual installments of principal and interest of \$9,488 and is paid from the Sewer Fund.

Amortization of the above debt, including interest, follows:

Year ending December 31:	OWDA	General Obligation Notes	Mortgage Revenue Bonds	Police and Fire Pension Liability	OPWC Kirkwood Heights Sewer Project	Totals
2012	61,917	\$ 34,702	\$ 74,500	\$ 3,897	\$ 9,488	\$ 184,504
2013	123,833	19,211	73,850	3,897	18,976	239,767
2014	123,833	-	74,100	3,897	18,976	220,806
2015	123,833		74,200	3,897	18,976	220,906
2016	123,833		74,150	3,897	18,976	220,856
2017-2021	619,166		149,550	19,484	94,878	883,078
2022-2026	619,166		-	19,484	94,878	733,528
2027-2031	123,833		-	14,207	56,928	194,968
2032-2036	-		-	-	-	-
Total	1,919,414	53,913	520,350	72,660	332,076	2,898,413
Less Interest	(212,478)	(2,693)	(90,350)	(32,207)	(53,052)	(390,780)
Principal Balance	\$ 1,706,936	\$ 51,220	\$ 430,000	\$ 40,453	\$ 279,024	\$ 2,507,633

In February 2010, the Village had an outstanding line of credit with Citizen Bank in the amount of \$112,195 payable over one year with \$2,000 in principal and interests each month, and the balance to be paid as a lump sum in January 2011. During 2010, the Village paid \$38,355 in principal and \$4,123 in interest. In 2011, the Village refinanced the remaining principal and accrued interest of \$75,715 under the same terms of \$2,000 each month, with the balance due payable as a lump sum in January 2012. During 2011, the Village paid a total of \$20,618 in principal and \$3,133 in interest.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, 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, 2011.

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.

8. 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.

9. 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.

10. SUBSEQUENT EVENTS

On February 10, 2012, the Village refinanced its line of credit from Citizens. The refinancing amount is in the amount of \$55,101, and 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, 2013.

On January 18, 2012, the Village refinanced the amounts outstanding on its fire truck for a total of \$36,938.41 payable on or before January 13, 2013 at an interest rate of 3.1%.



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

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

We have audited the financial statements of the Village of Bridgeport (the Village), Belmont County, as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated November 9, 2012, 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 a 2007 finding for adjustments reallocating monies from the General Fund to the Water Operating, Sewer Operating, Street Construction Maintenance and Repair, and the Cemetery Funds in its books. Also, for the year ended December 31, 2011, we noted the Village implemented Government Accounting Standard Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". 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 auditing procedures for the purpose of expressing our opinion on the 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 have not opined on the effectiveness of the Village's internal control over financial reporting.

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 timely correct misstatements. 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 timely corrected.

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. We consider findings 2011-01 and 2011-02 to be material weaknesses.

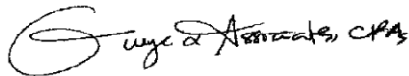
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested 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 two instances of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as finding No. 2011-02 and 2011-03.

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.

We also noted certain matters not requiring inclusion in this report and we reported to the Village's management in a separate letter dated November 9, 2012.

We intend this report solely 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.



Gueye & Associates, CPA

November 9, 2012

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS and RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2011-01

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 2012) 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 2011 and 2010, the Village did not always post receipts/expenditures to the accurate receipt/expenditure classifications, based upon the source of the receipt/purpose of disbursement.

For example, in 2010, the Village posted:

- A total of \$29,005 in Police Protection program as Intergovernmental Revenues instead of Charges for Services. A total of \$23,650 was incorrectly posted in miscellaneous revenues for the General Fund and the Special Revenue Fund Type.
- Rollbacks and Homestead for a total of \$27,812 received from the State as Taxes in lieu of Intergovernmental Revenues.
- Mayor's court fines in the amount of \$6,896 as intergovernmental in lieu of Fines.
- Principal and Interest payments for a total of \$13,294 were posted to General Government and Security of Persons for the General Fund and Special Revenue Funds.

In 2011, the Village posted:

- A total of \$21,088 in rollbacks and homestead was posted as taxes, in lieu of intergovernmental revenues. A total of \$38,161 was incorrectly posted as miscellaneous revenues for the General Fund and the Special Revenue Fund Type.
- Loan Proceeds in the amount of 20,265 paid directly to a dealer for the purchase of a Police cruiser were not posted in the financial statements.
- A total of \$8,945 in debt payments were made from the wrong fund, and a total of \$9,029 were not properly classified as principal and interest payments.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS & RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2011-01 (Continued)

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

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.

Finding Number 2011-002

Non-Compliance Citation / Material Weakness: Prior Year Uncorrected Findings for Adjustment

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 2007, 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 has since abandoned reimbursing the General Fund following this cost allocation plan. However, the prior amounts of \$27,000 that was subject to the finding for adjustment has not been corrected.

The Village should ensure that the amount of \$27,000 be reimbursed to the funds identified above from the General Fund.

Village Response:

The issue will be presented before Council.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS & RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2011-03

Non-Compliance Citation: Appropriations in Excess of Estimated Resources

The Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

In 2010, appropriations for the General Fund and the Fire Fund exceeded estimated resources by \$19,109, and \$9,570, respectively, which resulted in non-compliance with the above section of the Ohio Revised Code.

The Village should ensure that appropriations are made within the confines of the estimated resources and should be reduced whenever resources fall short of original estimated resources.

Village Response:

This issue occurred in 2010, since then, the Village has and will continue to ensure that appropriations are made within the estimated resources.

**VILLAGE OF BRIDGEPORT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Expenditures in excess of Appropriations ORC Section 5705.41(B)	Yes	N/A
2009-002	Certification of Expenditures ORC Section 5705.41(D)	No	Partially Corrected. Repeated as Management Letter Comment
2009-003	Material Weakness: Posting of Transactions	No	Repeated as Finding # 2011-01
2009-004	Posting of OPWC monies in the accounting ledgers	Yes	N/A
2009-005	Posting of Budgetary Information in Accounting Ledger	Yes	N/A
2009-006	Findings for Adjustment/General Fund allocation	No	Reissued as Finding # 2011-02

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Dave Yost • 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
DECEMBER 18, 2012