



**Auditor of State
Betty Montgomery**

VILLAGE OF BROOKSIDE
BELMONT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Brookside
Belmont County
875 National Road
Bridgeport, OH 43912

To the Village Council:

We have audited the accompanying financial statements of the Village of Brookside, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002. 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.

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

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Brookside, Belmont County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
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Village of Brookside
Belmont County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

February 27, 2004

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$38,305	\$21,942	\$60,247
Intergovernmental Receipts	58,462	33,499	91,961
Charges for Services	13,365	414	13,779
Fines, Licenses, and Permits	5,222	140	5,362
Earnings on Investments	1,505	137	1,642
Miscellaneous	27		27
	<u>116,886</u>	<u>56,132</u>	<u>173,018</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	25,245	13,696	38,941
Public Health Services	3,892		3,892
Leisure Time Activities	2,038		2,038
Community Environment	100		100
Basic Utility Services	2,597		2,597
Transportation	29,316	14,907	44,223
General Government	41,252	1,709	42,961
Debt Service:			
Principal Payments	46,122	22,264	68,386
Interest Payments	2,736	1,938	4,674
Capital Outlay	2,774	8,000	10,774
	<u>156,072</u>	<u>62,514</u>	<u>218,586</u>
Total Cash Disbursements			
Total Cash Receipts (Under) Cash Disbursements	<u>(39,186)</u>	<u>(6,382)</u>	<u>(45,568)</u>
Other Financing Receipts/(Disbursements):			
Sale of Bonds or Notes	36,047	8,000	44,047
Transfers-In	7,370	2,000	9,370
Transfers-Out		(9,370)	(9,370)
Other Financing Uses	(142)		(142)
	<u>43,275</u>	<u>630</u>	<u>43,905</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,089	(5,752)	(1,663)
Fund Cash Balances, January 1	<u>84,088</u>	<u>28,164</u>	<u>112,252</u>
Fund Cash Balances, December 31	<u><u>\$88,177</u></u>	<u><u>\$22,412</u></u>	<u><u>\$110,589</u></u>

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

VILLAGE OF BROOKSIDE
BELMONT COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	<u>\$2,029</u>
Total Operating Cash Receipts	<u>2,029</u>
Operating Cash Disbursements:	
Contractual Services	<u>845</u>
Total Operating Cash Disbursements	<u>845</u>
Operating Income	1,184
Fund Cash Balance, January 1	<u>7,302</u>
Fund Cash Balance, December 31	<u><u>\$8,486</u></u>

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$38,838	\$20,068	\$58,906
Intergovernmental Receipts	59,648	20,310	79,958
Charges for Services	9,310		9,310
Fines, Licenses, and Permits	7,425	160	7,585
Earnings on Investments	2,398	463	2,861
Miscellaneous	5,450	249	5,699
	<u>123,069</u>	<u>41,250</u>	<u>164,319</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	24,567	12,164	36,731
Public Health Services	3,484		3,484
Leisure Time Activities	1,713		1,713
Basic Utility Services	1,864		1,864
Transportation	16,469	13,399	29,868
General Government	40,462	487	40,949
Debt Service:			
Principal Payments	55,967	25,664	81,631
Interest Payments	3,321	2,775	6,096
Capital Outlay	16,364	3,145	19,509
	<u>164,211</u>	<u>57,634</u>	<u>221,845</u>
Total Cash Disbursements			
Total Cash Receipts (Under) Cash Disbursements	<u>(41,142)</u>	<u>(16,384)</u>	<u>(57,526)</u>
Other Financing Receipts/(Disbursements):			
Sale of Bonds or Notes	46,121	12,000	58,121
Other Financing Uses	(424)		(424)
	<u>45,697</u>	<u>12,000</u>	<u>57,697</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,555	(4,384)	171
Fund Cash Balances, January 1	<u>79,533</u>	<u>32,548</u>	<u>112,081</u>
Fund Cash Balances, December 31	<u>\$84,088</u>	<u>\$28,164</u>	<u>\$112,252</u>

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$2,258
Total Operating Cash Receipts	2,258
Operating Cash Disbursements:	
Contractual Services	218
Total Operating Cash Disbursements	218
Operating Income	2,040
Fund Cash Balance, January 1	5,262
Fund Cash Balance, December 31	\$7,302

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Brookside, Belmont County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, maintenance of Village streets, park operations, and fire and emergency medical services. The Village contracts with the Village of Bridgeport to provide police protection services. The Village is involved with the East Ohio Regional Wastewater Authority, Bel-O-Mar Regional Council and Eastern Ohio Regional Transit Authority which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 8.

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

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

C. Cash

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

Certificates of deposit are valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund.

D. 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Fire Levy Fund - This fund receives property tax revenues and proceeds from fire contracts to provide fire protection to Village residents.

3. Enterprise Funds

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

Water Operating Fund - This fund receives charges for services from residents and Belmont County to cover the cost of providing and maintaining water and sewer lines.

E. 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. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$57,981	\$58,339
Certificates of deposit	55,000	55,000
Total deposits	112,981	113,339
Money market mutual funds	6,094	6,215
Total investments	6,094	6,215
Total deposits and investments	\$119,075	\$119,554

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

Investments: Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002, follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$171,370	\$160,303	(\$11,067)
Special Revenue	43,951	66,132	22,181
Enterprise	2,500	2,029	(471)
Total	\$217,821	\$228,464	\$10,643

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$235,413	\$156,214	\$79,199
Special Revenue	72,279	71,884	395
Enterprise	9,800	845	8,955
Total	<u>\$317,492</u>	<u>\$228,943</u>	<u>\$88,549</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$165,422	\$169,190	\$3,768
Special Revenue	43,053	53,250	10,197
Enterprise	3,000	2,258	(742)
Total	<u>\$211,475</u>	<u>\$224,698</u>	<u>\$13,223</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$209,000	\$164,635	\$44,365
Special Revenue	72,396	57,634	14,762
Enterprise	8,200	218	7,982
Total	<u>\$289,596</u>	<u>\$222,487</u>	<u>\$67,109</u>

Contrary to Ohio law, increased amended certificates of estimated resources were not obtained for grant proceeds received in the Fire Levy and Federal Emergency Management Agency (FEMA) Funds for the year ended December 31, 2003 and an increased amended certificate of estimated resources was not obtained for a note rollover in the Fire Levy Fund for the year ended December 31, 2002. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Levy Fund, Capital Outlay-Equipment line item by \$8,000 and in the FEMA Fund, Transfers-out line item by \$8,987 for the year ended December 31, 2003, and in the General Fund, Debt Service-Principal line item by \$46,121 for the year ended December 31, 2002.

4. PROPERTY TAX

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

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX (Continued)

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

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

5. DEBT

Debt outstanding at December 31, 2003, was as follows:

	Principal	Interest Rate
General Obligation Note/Installment Loan - Fire Truck	\$14,680	5.95%
General Obligation Note - Chevy Suburban	8,000	5.95%
General Obligation Note - Real Property	30,047	5.85%
General Obligation Note - Dump Truck	6,000	5.94%
Total	\$58,727	

The Fire Truck General Obligation Note/Installment Loan was issued for the purchase of a new fire truck. This debt will be repaid from Fire Levy proceeds and is backed by the full faith and credit of the Village.

The Chevrolet Suburban General Obligation Note was issued for the purchase of a new vehicle for the Brookside Volunteer Fire Department. This debt will be repaid from Fire Levy proceeds and is backed by the full faith and credit of the Village and has a maturity date of one year or less.

The Real Property General Obligation Note was issued for the purchase of two tracts of real property located in Brookside. This debt will be repaid from general operating revenue and is backed by the full faith and credit of the Village and has a maturity date of one year or less.

The Dump Truck General Obligation Note was issued for the purchase of a dump truck chassis, dump truck bed, and related equipment. This debt will be repaid from general operating revenue and is backed by the full faith and credit of the Village and has a maturity date of one year or less.

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

	Fire Truck Note/Loan
Year ending December 31:	
2004	\$11,487
2005	3,835
Total	\$15,322

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RETIREMENT SYSTEMS

The Village's officials and part-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002 OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

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. JOINTLY GOVERNED ORGANIZATIONS

A. East Ohio Regional Wastewater Authority is established by Ohio Rev. Code Section 6119, serving the municipalities of Bellaire, Brookside, and Martins Ferry. The Authority is operated by a four member Board of Trustees. One member of the Board is appointed by the Mayor of Brookside. The Authority is not dependent on the Village of Brookside for its continued existence and the Village does not maintain an equity interest. The Village does not make any monetary contributions to the Authority.

B. Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by each local government within Belmont County. The Mayor of the Village of Brookside serves as the Village's representative on the Board and a Councilman serves as the Village's alternate. The Council is not dependent upon the Village of Brookside for its continued existence, no debt exists, and the Village does not maintain an equity interest. Bel-O-Mar Regional Council received \$180 for 2003 annual fees and \$197 for 2002 annual fees from the Village.

C. 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 Mayors of the municipalities served by the Authority. The Authority is not dependent on the Village of Brookside for its continued existence and the Village does not maintain an equity interest.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Brookside
Belmont County
875 National Road
Bridgeport, Ohio 43912

To the Village Council:

We have audited the accompanying financial statements of the Village of Brookside, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 27, 2004, wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 27, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-003 and 2003-004.

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 27, 2004.

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

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

Betty Montgomery
Auditor of State

February 27, 2004

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

The Village received sale of note proceeds for the rollover of a note for a Chevy Suburban in 2002 and for Federal Emergency Management Agency (FEMA) and Fire Equipment grants in 2003 and expended all or a portion of these receipts; however, no amended certificate of estimated resources was requested or received.

We recommend the Clerk/Treasurer request an amended certificate of estimated resources when an increased or new source of revenue is received and Village Council intends to appropriate and expend such revenues. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) allows no subdivision or taxing unit to expend money unless it has been appropriated.

The following funds, functions, and objects had expenditures which exceeded appropriations at December 31, 2003:

Fund	Appropriations	Expenditures	Excess
Fire Levy Fund			
Capital Outlay			
Equipment	\$0	\$8,000	(\$8,000)
FEMA Fund			
Transfers - Out	\$0	\$8,987	(\$8,987)

The following fund, function, and object had expenditures which exceeded appropriations at December 31, 2002:

Fund	Appropriations	Expenditures	Excess
General Fund			
Debt Service			
Principal	\$0	\$46,121	(\$46,121)

These variances resulted from posting audit adjustments necessary to agree legislatively approved appropriation amounts to Village ledgers.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

**FINDING NUMBER 2003-002
(Continued)**

We recommend the Village Clerk/Treasurer only post appropriations as approved by Village Council. The Village Clerk/Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Village Clerk/Treasurer may request Village Council approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2003-003

Reportable Condition

Receipt Classifications and Posting

Several receipts were not posted into accurate receipt classifications based on the source of the receipt.

As a result, several reclassifying and adjusting entries were prepared to post these receipts into the correct classifications. This situation could also result in inaccurate financial information being distributed to Village officials.

We recommend the Village Clerk/Treasurer consult Ohio Administrative Code Section 117-9-01 and/or the Village Officer's Handbook when monies are received, to help ensure these transactions are posted to the appropriate receipt classification and accurate financial statements are prepared.

FINDING NUMBER 2003-004

Reportable Condition

Note Rollovers

In 2003 and 2002, Village Council approved the rollover of several note issues.

When short-term notes mature and a local government issues new notes for the same or a slightly smaller amount, note proceeds should be recorded to the receipts ledger in the amount of the new note and the retirement of the matured note should be recorded to the appropriation ledger as debt service principal.

This caused the Village's receipts and expenditures to be understated and required audit adjustments to be posted to their financial statements.

We recommend the Village Clerk/Treasurer develop internal control procedures to ensure that short-term note rollovers are recorded as note proceeds and the retirement of the matured notes be recorded as debt service principal retirement on the Village's ledgers and financial statements. Additional guidance for accounting and budgeting note rollovers is included in Auditor of State Bulletin 97-010.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-31007-001	Ohio Rev. Code Sections 5705.36 and 5705.41(B) for not obtaining an amended certificate and expenditures exceeding appropriations for note rollovers.	No	Not corrected; Repeated as Finding Numbers 2003-001 and 2003-002.
2001-31007-002	Reportable condition for posting of receipts.	No	Not corrected; Repeated as Finding Number 2003-003.
2001-31007-003	Reportable condition for posting of budgetary amounts.	No	Partially corrected; Addressed as part of Finding Number 2003-002.

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**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF BROOKSIDE

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
APRIL 6, 2004**