



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BROOKSIDE
BELMONT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 2001 and 2000. 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. 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, 2001 and 2000, 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 April 23, 2002, 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.

This report is intended solely for the information and use of the management, 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, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

April 23, 2002

**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, 2001**

	<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	\$38,451	\$22,255	\$60,706
Intergovernmental Receipts	73,317	50,906	124,223
Charges for Services	12,424	200	12,624
Fines, Licenses, and Permits	4,983	290	5,273
Earnings on Investments	3,090	576	3,666
Miscellaneous	6,155	2,105	8,260
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	138,420	76,332	214,752
Cash Disbursements:			
Current:			
Security of Persons and Property	23,916	9,621	33,537
Public Health Services	3,532		3,532
Leisure Time Activities	10,519		10,519
Basic Utility Services	1,141		1,141
Transportation	18,878	15,526	34,404
General Government	36,475	510	36,985
Debt Service:			
Principal Payments	65,599	29,100	94,699
Interest Payments	3,866	3,581	7,447
Capital Outlay	14,768	35,345	50,113
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	178,694	93,683	272,377
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> (40,274)	<hr/> (17,351)	<hr/> (57,625)
Other Financing Receipts:			
Sale of Notes	55,968	16,000	71,968
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	55,968	16,000	71,968
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	15,694	(1,351)	14,343
Fund Cash Balances, January 1	<hr/> 63,839	<hr/> 33,899	<hr/> 97,738
Fund Cash Balances, December 31	<hr/> \$79,533	<hr/> \$32,548	<hr/> \$112,081

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 BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$2,022
Total Operating Cash Receipts	2,022
Operating Cash Disbursements:	
Contractual Services	2,556
Total Operating Cash Disbursements	2,556
Net Receipts Over/(Under) Disbursements	(534)
Fund Cash Balances, January 1	5,796
Fund Cash Balances, December 31	\$5,262

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, 2000**

	<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	\$32,273	\$20,701	\$52,974
Intergovernmental Receipts	62,897	43,831	106,728
Charges for Services	10,182	150	10,332
Fines, Licenses, and Permits	4,004	130	4,134
Earnings on Investments	2,483	709	3,192
Miscellaneous	1,499	1,244	2,743
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	113,338	66,765	180,103
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	23,241	28,201	51,442
Public Health Services	3,327		3,327
Leisure Time Activities	720		720
Basic Utility Services	3,720		3,720
Transportation	15,969	13,955	29,924
General Government	34,552	429	34,981
Debt Service:			
Principal Payments	74,565	8,560	83,125
Interest Payments	4,278	2,927	7,205
Capital Outlay	20,383	29,881	50,264
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	180,755	83,953	264,708
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(67,417)	(17,188)	(84,605)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Sale of Notes	65,598	20,000	85,598
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	65,598	20,000	85,598
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(1,819)	2,812	993
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	65,658	31,087	96,745
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$63,839	\$33,899	\$97,738
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$2,208
Total Operating Cash Receipts	2,208
Operating Cash Disbursements:	
Contractual Services	247
Total Operating Cash Disbursements	247
Net Cash Receipts Over/(Under) Cash Disbursements	1,961
Fund Cash Balances, January 1	3,835
Fund Cash Balances, December 31	\$5,796

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, 2001 AND 2000**

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, park operations, fire and emergency medical services. The Village contracts with the Village of Bridgeport to provide police 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 and Investments

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, 2001 AND 2000
(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 and other political subdivisions.

Issue II Fund – This fund receives state money for the National Road (U.S. 40) storm drainage improvement project.

3. Enterprise Fund

This fund accounts 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 the 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 2001 and 2000 budgetary activity appears in Note 3.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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:

	2001	2000
Demand deposits	\$60,418	\$48,534
Certificates of deposit	55,000	55,000
Total deposits	115,418	103,534
Money Market Mutual Funds	1,925	0
Total investments	1,925	0
Total deposits and investments	\$117,343	\$103,534

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, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,000	\$194,388	\$70,388
Special Revenue	81,403	92,332	10,929
Enterprise	3,000	2,022	(978)
Total	\$208,403	\$288,742	\$80,339

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$188,300	\$178,694	\$9,606
Special Revenue	112,531	93,683	18,848
Enterprise	8,700	2,556	6,144
Total	\$309,531	\$274,933	\$34,598

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,753	\$178,936	\$57,183
Special Revenue	84,510	86,765	2,255
Enterprise	1,900	2,208	308
Total	\$208,163	\$267,909	\$59,746

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$177,622	\$180,755	(\$3,133)
Special Revenue	114,193	83,953	30,240
Enterprise	5,500	247	5,253
Total	\$297,315	\$264,955	\$32,360

Contrary to Ohio law, increased amended certificates of estimated resources were not obtained for note proceeds for the years ended December 31, 2001 and 2000, thus causing budgetary expenditures to exceed appropriations in the Fire Levy Fund in the amount of \$4,762 as of December 31, 2001. Also, as of December 31, 2000, budgetary expenditures exceeded appropriations in the General and Fire Levy Funds' in the amount of \$3,133 and \$3,018, respectively.

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

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.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note/Installment Loan - Fire Truck	\$34,607	5.95%
General Obligation Note - Chevrolet Suburban	16,000	5.95%
General Obligation Note - Real Property	37,969	5.85%
General Obligation Note - Dump Truck	17,999	5.94%
Total	<u>\$106,575</u>	

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 Truck 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 emergency vehicle for the Brookside Volunteer Fire Department. This debt will be repaid from Fire Truck 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, dump truck body 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:

	<u>Fire Truck Loan</u>
Year ending December 31:	
2002	\$11,487
2003	11,487
2004	11,487
2005	3,830
Total	<u>\$38,291</u>

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS

The Village's part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

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 Wasterwater Authority* is established by Ohio Revised 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 \$197 from the Village of Brookside for 2001 annual fees and grant administration services.
- 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 continued existence of the Authority is not dependent on the Village's continued participation and no equity interest exists for which the Village is responsible.



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**REPORT OF INDEPENDENT ACCOUNTANTS 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, 2001 and 2000, and have issued our report thereon dated April 23, 2002. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-31007-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated April 23, 2002.

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 2001-31007-001 through 2001-31007-004.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 23, 2002.

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



Jim Petro
Auditor of State

April 23, 2002

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-31007-001

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 fund had expenditures exceeding appropriations as of December 31, 2001:

Fund	Appropriations	Expenditures	Excess
Fire Levy Fund	\$38,050	\$42,812	(\$4,762)

The following funds had expenditures exceeding appropriations as of December 31, 2000:

Fund	Appropriations	Expenditures	Excess
General Fund	\$177,622	\$180,755	(\$3,133)
Fire Levy Fund	\$ 37,100	\$ 40,118	(\$3,018)

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.

In 2000 and 2001, the Village approved the rollover of several note issues. The Village did not obtain an increased amended certificate for the rollover of these notes which resulted in the above violation of expenditures exceeding appropriations.

We recommend the Village Council obtain increased amended certificates in the amount of the note proceeds.

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 retirement.

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 for rollovers is included in Auditor of State Bulletin 97-010.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

FINDING NUMBER 2001-31007-002

Reportable Conditions - Posting of Receipts

Receipts should be posted to the fund and line item accounts as established by the Ohio Administrative Code.

Local government revenues were not posted into the correct receipt classification, based on the source of receipt. As a result, reclassifications to the financial statements were required.

We recommend the Village Clerk/Treasurer consult Ohio Administrative Code Section 117-7-01 when monies are received, to help ensure these transactions are posted to the correct receipt classifications.

FINDING NUMBER 2001-31007-003

On-Behalf-Of Grants

When a local government enters into an on-behalf-of program agreement with another local government whereby the local government or its residents are the beneficiaries under the agreement, the cash benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

In 2001, the Village received \$31,671 from a Community Development Block Grant through Belmont County for the construction of a new playground located within the Village. The Village did not record memorandum receipts and disbursements for the construction of the new playground. 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 refer to Auditor of State Bulletin 2000-008 when receiving on-behalf-of grants to ensure the on-behalf-of grants are accurately recorded to the Village's ledgers and financial statements.

FINDING NUMBER 2001-31007-004

Posting Budgetary Amounts

Appropriations as approved by Village Council and estimated receipts as approved by the County Budget Commission should be entered into the Village's computer system.

Appropriations as approved by Village Council and estimated receipts as approved by the County Budget Commission were not accurately reflected in the Village's computer system. This caused appropriations and estimated receipts to be misstated, resulting in audit adjustments to the budgetary schedules presented in the notes to the financial statements and did not provide management with an accurate monitoring tool throughout the year.

We recommend the Village Clerk/Treasurer post appropriations and estimated receipts to the computer system, as approved by Council and the County Budget Commission.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JUNE 18, 2002**