

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**BRIDGEPORT, OHIO**

**AUDIT REPORT**

**DECEMBER 31, 2005 AND 2004**





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Bridgeport, Belmont County, prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 17, 2008

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**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
DECEMBER 31, 2005 AND 2004**

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## INDEPENDENT AUDITOR'S REPORT

Village of Bridgeport  
Belmont County  
Bridgeport, Ohio 43912

We have audited the accompanying financial statements of the Village of Bridgeport, Belmont County, Ohio as of and for the years ended December 31, 2005 and 2004. 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 audits.

Except as discussed in the fourth following paragraph, we conducted our audits 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 audits 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 audits provide a reasonable basis for our opinions.

As described in Note 1, the Village prepared 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 ("GAAP"). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP financial statements would require the Village of Bridgeport to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village of Bridgeport does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Village of Bridgeport has elected not to reformat its statements. Since the Village of Bridgeport does not use GAAP to measure financial

statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the third 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, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Bridgeport, as of December 31, 2005 and 2004, its changes in financial position, or cash flows for the years then ended.

The Village has not maintained adequate records of cash receipts and disbursements related to the year ended December 31, 2004, with regards to the general fund. We were not able to satisfy ourselves by other auditing procedures as to the fairness of the general fund cash balance as of December 31, 2005 and 2004.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine adequate records regarding the cash receipts and disbursements for the general fund for the year ended December 31, 2004, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Bridgeport, Belmont County, as of the years ended December 31, 2005 and 2004, 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 August 2, 2006, on our consideration of the Village of Bridgeport, Belmont County'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 audits.

*S R Smodgrass, A.C.*

Wheeling, West Virginia  
August 2, 2006

**VILLAGE OF BRIDGEPORT  
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, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>CASH RECEIPTS</b>			
Property tax and other local taxes	\$ 148,304	\$ 29,335	\$ 177,639
Intergovernmental receipts	151,945	367,108	519,053
Charges for services	192,755	28,645	221,400
Fines, licenses, and permits	92,436	3,470	95,906
Earnings on investments	10,400	-	10,400
Miscellaneous	23,006	5,362	28,368
Total cash receipts	<u>618,846</u>	<u>433,920</u>	<u>1,052,766</u>
<b>CASH DISBURSEMENTS</b>			
Current:			
Security of persons and property	353,358	36,813	390,171
Public health services	7,052	9,889	16,941
Leisure time activities	1,742	-	1,742
Basic utility services	126,371	-	126,371
Transportation	-	212,776	212,776
General government	92,610	1,741	94,351
Debt service:			
Principal payments	-	13,505	13,505
Interest payments	-	6,495	6,495
Capital outlay	799	7,806	8,605
Total cash disbursements	<u>581,932</u>	<u>289,025</u>	<u>870,957</u>
Total cash receipts over/(under) cash disbursements	<u>36,914</u>	<u>144,895</u>	<u>181,809</u>
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS)</b>			
Transfers-in	-	3,000	3,000
Transfers-out	(3,000)	-	(3,000)
Total other financing receipts/(disbursements)	<u>(3,000)</u>	<u>3,000</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	33,914	147,895	181,809
<b>FUND CASH BALANCES, JANUARY 1</b>	<u>40,990</u>	<u>111,977</u>	<u>152,967</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u>\$ 74,904</u>	<u>\$ 259,872</u>	<u>\$ 334,776</u>

The accompanying notes are an integral part of these financial statements.



**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES -  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b>OPERATING CASH RECEIPTS</b>			
Charges for services	\$ 675,535	\$ -	\$ 675,535
Miscellaneous	4,232	-	4,232
Total operating cash receipts	<u>679,767</u>	<u>-</u>	<u>679,767</u>
<b>OPERATING CASH DISBURSEMENTS</b>			
Personal services	151,940	-	151,940
Contractual services	111,968	-	111,968
Supplies and materials	91,537	-	91,537
Capital outlay	7,844	-	7,844
Total operating cash disbursements	<u>363,289</u>	<u>-</u>	<u>363,289</u>
<b>OPERATING INCOME</b>	<u>316,478</u>	<u>-</u>	<u>316,478</u>
<b>NON-OPERATING CASH RECEIPTS/ (DISBURSEMENTS)</b>			
Redemption of principal	(163,923)	-	(163,923)
Interest and other fiscal charges	(90,488)	-	(90,488)
Total non-operating cash receipts/(disbursements)	<u>(254,411)</u>	<u>-</u>	<u>(254,411)</u>
Net cash receipts over cash disbursements	62,067	-	62,067
<b>FUND CASH BALANCES, JANUARY 1</b>	<u>227,203</u>	<u>30,066</u>	<u>257,269</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u>\$ 289,270</u>	<u>\$ 30,066</u>	<u>\$ 319,336</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BRIDGEPORT  
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, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>CASH RECEIPTS</b>			
Property tax and other local taxes	\$ 128,291	\$ 25,726	\$ 154,017
Intergovernmental receipts	194,296	174,726	369,022
Charges for services	177,789	29,858	207,647
Fines, licenses, and permits	60,373	595	60,968
Earnings on investments	5,647	102	5,749
Miscellaneous	51,653	1,499	53,152
Total cash receipts	<u>618,049</u>	<u>232,506</u>	<u>850,555</u>
<b>CASH DISBURSEMENTS</b>			
Current:			
Security of persons and property	379,869	33,414	413,283
Public health services	8,708	3,382	12,090
Leisure time activities	1,190	-	1,190
Basic utility services	121,786	876	122,662
Transportation	-	163,462	163,462
General government	82,942	642	83,584
Debt service:			
Principal payments	-	12,399	12,399
Interest payments	-	7,601	7,601
Total cash disbursements	<u>594,495</u>	<u>221,776</u>	<u>816,271</u>
Total cash receipts over/(under) cash disbursements	23,554	10,730	34,284
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS)</b>			
Transfers-in	-	5,000	5,000
Transfers-out	(5,000)	-	(5,000)
Total other financing receipts/(disbursements)	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	18,554	15,730	34,284
<b>FUND CASH BALANCES, JANUARY 1</b>	<u>22,436</u>	<u>96,247</u>	<u>118,683</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u>\$ 40,990</u>	<u>\$ 111,977</u>	<u>\$ 152,967</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES -  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>OPERATING CASH RECEIPTS</b>			
Charges for services	\$ 611,314	\$ -	\$ 611,314
Miscellaneous	4,164	-	4,164
Total operating cash receipts	<u>615,478</u>	<u>-</u>	<u>615,478</u>
<b>OPERATING CASH DISBURSEMENTS</b>			
Personal services	169,972	-	169,972
Contractual services	90,674	-	90,674
Supplies and materials	180,709	-	180,709
Capital outlay	27,251	-	27,251
Total operating cash disbursements	<u>468,606</u>	<u>-</u>	<u>468,606</u>
<b>OPERATING INCOME</b>	<u>146,872</u>	<u>-</u>	<u>146,872</u>
<b>NON-OPERATING CASH RECEIPTS/ (DISBURSEMENTS)</b>			
Loan proceeds	27,251	-	27,251
Redemption of principal	(118,258)	-	(118,258)
Interest and other fiscal charges	(75,997)	-	(75,997)
Total non-operating cash receipts/(disbursements)	<u>(167,004)</u>	<u>-</u>	<u>(167,004)</u>
Net cash disbursements over cash receipts	(20,132)	-	(20,132)
<b>FUND CASH BALANCES, JANUARY 1</b>	<u>247,335</u>	<u>30,066</u>	<u>277,401</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u>\$ 227,203</u>	<u>\$ 30,066</u>	<u>\$ 257,269</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of the Entity

The Village of Bridgeport, 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, and police and fire services. The Village is involved with the 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 9.

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

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.

Cash

Certificates of deposit are valued at cost.

Fund Accounting

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

**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.

**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 BRIDGEPORT  
BELMONT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Police Pension Fund* - This fund receives property tax revenue and moneys from a police contract with the Village of Brookside for payment of employer contributions for police disability and pension benefits.

**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 Funds:

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

*Water Plant Upgrade Project Fund* - This fund receives loan proceeds from the Ohio Water Development Authority to finance the construction of improvements to the water treatment plant. This loan will be repaid from a water surcharge, also accounted for in this fund.

**Fiduciary Funds (Trust Funds)** - Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant Fiduciary Fund:

*Weeks' Cemetery Perpetual Care Fund* - This fund receives a portion of cemetery lot sales for the maintenance and upkeep of the cemetery.

**Budgetary Process**

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

**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. Unencumbered appropriations lapse at year end.

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

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrances** - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**NOTE 2 - EQUITY IN POOLED CASH**

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

	2005	2004
Demand deposits	\$ 510,041	\$ 118,282
Certificates of deposit	130,483	291,954
Total deposits	\$ 640,524	\$ 410,236

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.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 3 - BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004, is as follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 615,000	\$ 618,846	\$ 3,846
Special Revenue	453,071	436,920	(16,151)
Enterprise	678,400	679,767	1,367
Fiduciary	200	-	(200)
 Total	 <u>\$ 1,746,671</u>	 <u>\$ 1,735,533</u>	 <u>\$ (11,138)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 625,625	\$ 584,932	\$ 40,693
Special Revenue	319,400	289,025	30,375
Capital Projects	4,000	-	4,000
Enterprise	689,150	617,700	71,450
 Total	 <u>\$ 1,638,175</u>	 <u>\$ 1,491,657</u>	 <u>\$ 146,518</u>

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 3 - BUDGETARY ACTIVITY (CONTINUED)**

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 535,225	\$ 618,049	\$ 82,824
Special Revenue	185,662	237,506	51,844
Capital Projects	97,506	-	(97,506)
Enterprise	834,946	642,729	(192,217)
Fiduciary	<u>200</u>	<u>-</u>	<u>(200)</u>
Total	<u>\$ 1,653,539</u>	<u>\$ 1,498,284</u>	<u>\$ (155,255)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 552,704	\$ 599,495	\$ (46,791)
Special Revenue	220,906	221,776	(870)
Capital Projects	97,506	-	97,506
Enterprise	<u>887,667</u>	<u>662,861</u>	<u>224,806</u>
Total	<u>\$ 1,758,783</u>	<u>\$ 1,484,132</u>	<u>\$ 274,651</u>

**NOTE 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.



**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 4 - PROPERTY TAX (CONTINUED)**

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

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

**NOTE 5 – DEBT**

Debt outstanding at December 31 was as follows:

	2005	
	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 2,268,557	1.50%
General Obligation Note/Installment Loan	127,555	4.97%
Mortgage Revenue Bonds	718,000	5.00%
Total	\$ 3,114,112	

	2004	
	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 2,401,268	1.50%
General Obligation Note/Installment Loan	141,060	4.97%
Mortgage Revenue Bonds	749,000	5.00%
Total	\$ 3,291,328	

The Ohio Water Development Authority Loan (OWDA) relates to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$2,560,000 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$61,917, including interest, over 25 years. The scheduled payment assumes that \$2,560,000 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The General Obligation Note/Installment Loan was issued for the purchase of a new fire truck. This loan will be repaid in annual installments of \$20,000, including interest, over 12 years. The Village has pledged the fire truck as security for the loan.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 5 – DEBT (CONTINUED)**

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

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

Year ending December 31:	<u>OWDA Loan</u>	<u>General Obligation Notes</u>	<u>Mortgage Revenue Bonds</u>
2006	\$ 123,833	\$ 20,000	\$ 73,800
2007	123,833	20,000	73,850
2008	123,833	20,000	73,800
2009	123,833	20,000	73,650
2010	123,833	20,000	74,400
2011-2015	619,165	57,195	370,650
2016-2020	619,165	-	74,150
2021-2025	619,165	-	-
2026-2027	<u>247,666</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,724,326</u>	<u>\$ 157,195</u>	<u>\$ 814,300</u>

**NOTE 6 - RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide 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 2005 and 2004, OP&F participants contributed 10.00 percent of their wages. The Village contributed an amount equal to 19.50 percent of police participant wages. OPERS members contributed 8.50 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 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.

**NOTE 8 - CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS**

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 Bridgeport serves as one of the Village's representatives on the Board and a Councilman serves as the Village's alternate. 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.

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 Bridgeport for its continued existence and the Village does not maintain an equity interest.

**NOTE 10 - RELATED-PARTY TRANSACTIONS**

The Village awarded a public contract in which a Village official had an interest in July 2005. The contract in the amount of \$36,310 was awarded to perform various small projects for the Village, including excavation.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Village of Bridgeport  
Belmont County  
Bridgeport, Ohio 43912

We have audited the accompanying financial statements of the Village of Bridgeport, Belmont County, Ohio (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report, which was qualified as a result of the Village not maintaining adequate records with regards to cash receipts and disbursements for the year ended December 31, 2004, thereon dated August 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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 initiate, record, process, 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 Condition 2004-1 through Condition 2004-8 and Condition 2005-1 through Condition 2005-7.

A material weakness is a reportable 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 caused by errors or fraud 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 material weakness. However, the reportable conditions, Condition 2004-1 through 2004-7 and Condition 2005-1 through 2005-6, are considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed test of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement accounts. 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 test disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as items Condition 2004-9, 2005-8, and 2005-9.

We also noted certain additional matters that we have reported to Village Council in a separate letter dated August 2, 2006.

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

*S R Smodgrass, A. C.*

Wheeling, West Virginia  
August 2, 2006

**Village of Bridgeport  
Belmont County  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH GAGAS**

**MATERIAL WEAKNESSES**

**Condition 2004-1**

The Village did not properly implement internal controls for its utility (water, sewer, and garbage) receipt cycle. The Village did not always stamp payment stubs to reflect that the bill was paid. The amount recorded in the receipts journal did not always agree with the amount deposited. Partial payments made by customers whose bill included arrearages were not accurately posted to arrearages first.

We recommend that the Village properly maintain internal controls to ensure accurate financial reporting. These controls include: (1) proper cancellation of paid payment stubs, (2) support for deposits to the bank, and (3) proper posting of payments to the billing system.

**Condition 2004-2 and 2005-1**

The Village did not properly implement internal controls for its payroll disbursement cycle. The Village was not always consistent when rounding an employee's half hour of time worked. Time was not always manually written on the timecard by day and totaled, separating regular hours, sick and vacation hours, overtime hours, and court hours. The employee calculating the hours did not initial the timecard indicating their approval. The timecard was not reviewed and checked by a second individual (supervisor) and initialed indicating their approval. Some employees did not use the time clock to punch the time worked, but completed their timecard manually. Employees that are salaried should not be paid overtime hours, unless this policy is properly documented and approved by Village Council. Four employees hourly wage paid did not agree to the ordinance of approved pay rates. Documentation regarding employee's insurance withholdings was not documented in the employee's personnel file. Two employee's time cards could not be located.

We recommend that the Village properly maintain internal controls to ensure accurate financial reporting. These controls include: (1) consistently rounding of an employee's half hour of time worked, (2) manually writing time worked by day and total on the timecard and separating regular hours, sick and vacation hours, overtime hours, and court hours. (3) indicating approval of hours worked via employee signature. (4) requiring that all employees use the punch clock when submitting their time card, (5) adopting a policy regarding employee overtime, (6) properly paying employees based on their approved pay rate, (7) documenting employee's insurance withholdings in the employee's personnel file, and (8) maintaining proper support of an employee's pay via a time card.

**Village of Bridgeport  
Belmont County  
SCHEDULE OF FINDINGS (CONTINUED)  
DECEMBER 31, 2005 AND 2004**

**Condition 2004-3 and 2005-2**

The Village did not properly reconcile the bank account in a timely manner. The Village did employ a Fiscal Director in early 2005 to reconcile the bank account for the years ended December 31, 2004 and 2005. As a result of our audit, we noted a net unreconciled difference in the amount of \$7,200 in which the bank balance reflected a larger balance than the general ledger for the year ended December 31, 2004. We proposed and management agreed to post the unreconciled difference to the general fund miscellaneous revenue.

We recommend that the Village properly maintain internal controls to ensure accurate financial reporting, including reconciling the bank account with the general ledger in a timely manner.

**Condition 2004-4 and Condition 2005-3**

The Village did not properly implement internal controls for receipts into its general bank account. The Village does not have adequate segregation of duties surrounding cash receipts. All aspects of the cash receipt process are performed by the Village Clerk. The Village did not properly record cash receipts in sequential order in the receipt ledger. Two pre-numbered receipts could not be located in the receipt ledger, potentially causing revenue to be understated. Donations were not recorded under the appropriate revenue receipt code as required by the State of Ohio. A receipt was not recorded on the ledger cards by the Village. The Village voided a receipt and assigned a new number to this collection in order to remove the receipt from the period collected and to record the receipt at the time it was to clear the bank statement.

We recommend the Village review current policies and procedures surrounding cash receipts and implement the necessary changes to provide adequate controls in this area.

**Condition 2005-4**

For the year ending December 31, 2005, purchase orders for regular monthly expenditures are not generated until after the invoices have been paid. We recommend that either a blanket or super blanket certificate be prepared and approved before invoices are paid.

**Condition 2004-5 and 2005-5**

The Village does not have a policy in place that requires two or more approval signatures on any check written from their account. We recommend the Village implement a policy that requires two or more approval signatures on all checks written from their account.

**Village of Bridgeport  
Belmont County  
SCHEDULE OF FINDINGS (CONTINUED)  
DECEMBER 31, 2005 AND 2004**

**Condition 2004-6 and 2005-6**

The Village did not properly implement internal controls for its disbursement cycle. For several disbursements, proper support documentation was not on file, purchase orders were dated after the invoice date, and the signature of the Village Clerk was missing from the purchase order. We noted various other instances, including postage, where the expenditure was not posted on the general ledger cards and supporting documentation for the allocation of several expenditures could not be located. There were two instances in 2005 where the approval signatures of the Finance Committee were not obtained on the payment vouchers.

We recommend the Village review current policies and procedures surrounding cash disbursements and implement the necessary changes to provide adequate controls in this area.

**Condition 2004-7**

The Village does not have an indirect cost allocation plan to substantiate amounts charged or not charged to various funds. We noted instances where allocations occurred; however, there is no allocation plan in place to support the distribution between funds. We also noted instances where costs affecting more than one fund could be allocated, but were not.

We recommend that a formal indirect cost allocation plan be adopted.

**REPORTABLE CONDITIONS**

**Condition 2004-8 and 2005-7**

The Village does not have an official "Policies and Procedures Manual" for accounting and financial department purposes. The creation and implementation of an official set of policies and procedures to be followed by Village employees will help strengthen internal controls.

We recommend the Village create a "Policies and Procedures Manual" for employee training and reference.



**Village of Bridgeport  
Belmont County  
SCHEDULE OF FINDINGS (CONTINUED)  
DECEMBER 31, 2005 AND 2004**

**NONCOMPLIANCE CITATIONS**

**Condition 2004-9 and 2005-8**

The Village made payments to an individual for services that included being a signer of documents. A 1099-MISC form was not submitted to the individual nor to the Internal Revenue Service for non-employee compensation.

We recommend that the Village submit a 1099-MISC for the total payments made for services rendered. This will aid in keeping the Village in compliance with the Internal Revenue Service regulations.

**Condition 2005-9**

The Village Council passed a resolution for supplemental appropriations for the 2005 fiscal year in December 2005. This resolution was not signed attesting the resolution.

The actual supplemental appropriations requested and received from the County Auditor in the SCMR Fund and the Fire Emergency Levy Fund differed from those approved in December 2005 by the Village Council. An additional \$5,000 was requested and received for the Fire Emergency Levy Fund and the SCMR Fund received \$5,000 less than was passed via resolution of the Village Council. We recommend all resolutions be signed and attested prior to their implementation. We also recommend that all resolutions be followed as stated or, if alterations are needed, an additional resolution be passed superseding the prior resolution.

A resolution passed by the Village Council for an interfund transfer of \$3,000 from the General Fund to the Police Pension Fund was not recorded on the Village's trial balance.

We recommend that all resolutions be followed as stated.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

<u>Finding Number</u>	<u>Finding Summary and Explanation</u>
2002-31007-001	Various receipts were not posted to the correct classification.  Partially corrected. This matter is reported in the management letter.
2002-31007-001	Appropriations and estimated receipts were not always posted to the ledgers in the correct amounts.  Partially corrected. This matter is reported in the management letter.



**Mary Taylor, CPA**  
Auditor of State

VILLAGE OF BRIDGEPORT

BELMONT COUNTY

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 1, 2008