



Dave Yost • Auditor of State

VILLAGE OF BROOKSIDE
BELMONT COUNTY

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Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 20, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 processes its financial transactions with 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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Village's larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010, of the Village of Brookside, Belmont County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

April 20, 2012

**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, 2011**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$44,184	\$18,693	\$0	\$62,877
Intergovernmental	46,463	41,689		88,152
Charges for Services	13,324	200		13,524
Fines, Licenses and Permits	1,711	60		1,771
Earnings on Investments	159	342		501
Miscellaneous	4,858	10,765		15,623
Total Cash Receipts	<u>110,699</u>	<u>71,749</u>	<u>0</u>	<u>182,448</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	32,750	30,365		63,115
Public Health Services	3,736			3,736
Leisure Time Activities	3,033			3,033
Basic Utility Service	2,469			2,469
Transportation	7,033	34,064		41,097
General Government	49,701	449		50,150
Debt Service:				
Redemption of Principal	4,058			4,058
Capital Outlay		13,558	111,394	124,952
Total Cash Disbursements	<u>102,780</u>	<u>78,436</u>	<u>111,394</u>	<u>292,610</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>7,919</u>	<u>(6,687)</u>	<u>(111,394)</u>	<u>(110,162)</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Other Debt Proceeds			22,897	22,897
Transfers-In			56,539	56,539
Transfers-Out	(56,539)			(56,539)
Total Other Financing Receipts / (Disbursements)	<u>(56,539)</u>	<u>0</u>	<u>79,436</u>	<u>22,897</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<u>(48,620)</u>	<u>(6,687)</u>	<u>(31,958)</u>	<u>(87,265)</u>
Fund Cash Balances, January 1	<u>60,690</u>	<u>109,152</u>	<u>37,825</u>	<u>207,667</u>
Fund Cash Balances, December 31				
Restricted		102,465	5,867	108,332
Unassigned	12,070			12,070
Fund Cash Balances, December 31	<u><u>\$12,070</u></u>	<u><u>\$102,465</u></u>	<u><u>\$5,867</u></u>	<u><u>\$120,402</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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$650		\$650
Fines, Licenses and Permits		\$735	735
Total Operating Cash Receipts	<u>650</u>	<u>735</u>	<u>1,385</u>
Operating Cash Disbursements:			
Contractual Services	571		571
Other		735	735
Total Operating Cash Disbursements	<u>571</u>	<u>735</u>	<u>1,306</u>
Net Receipts Over/(Under) Disbursements	79	0	79
Fund Cash Balances, January 1	<u>14,247</u>	<u>0</u>	<u>14,247</u>
Fund Cash Balances, December 31	<u>\$14,326</u>	<u>\$0</u>	<u>\$14,326</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, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$45,469	\$19,896		\$65,365
Intergovernmental	47,338	46,992		94,330
Charges for Services	11,797	200	\$3,250	15,247
Fines, Licenses and Permits	4,080	60		4,140
Earnings on Investments	136	235		371
Miscellaneous	3,564	3,074	50	6,688
Total Cash Receipts	<u>112,384</u>	<u>70,457</u>	<u>3,300</u>	<u>186,141</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	31,577	20,856		52,433
Public Health Services	3,836			3,836
Leisure Time Activities	1,776			1,776
Basic Utility Service	865			865
Transportation	8,545	27,941		36,486
General Government	60,234	328		60,562
Capital Outlay	2,000	21,485	80,467	103,952
Total Cash Disbursements	<u>108,833</u>	<u>70,610</u>	<u>80,467</u>	<u>259,910</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,551</u>	<u>(153)</u>	<u>(77,167)</u>	<u>(73,769)</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Other Debt Proceeds			77,203	77,203
Other Financing Uses	(410)			(410)
Total Other Financing Receipts / (Disbursements)	<u>(410)</u>	<u>0</u>	<u>77,203</u>	<u>76,793</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>3,141</u>	<u>(153)</u>	<u>36</u>	<u>3,024</u>
Fund Cash Balances, January 1	<u>57,549</u>	<u>109,305</u>	<u>37,789</u>	<u>204,643</u>
Fund Cash Balances, December 31	<u>\$60,690</u>	<u>\$109,152</u>	<u>\$37,825</u>	<u>\$207,667</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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$768		\$768
Fines, Licenses and Permits		\$1,108	1,108
Total Operating Cash Receipts	<u>768</u>	<u>1,108</u>	<u>1,876</u>
Operating Cash Disbursements:			
Contractual Services	983		983
Other		1,108	1,108
Total Operating Cash Disbursements	<u>983</u>	<u>1,108</u>	<u>2,091</u>
Net Receipts Over/(Under) Disbursements	(215)	0	(215)
Fund Cash Balances, January 1	<u>14,462</u>	<u>0</u>	<u>14,462</u>
Fund Cash Balances, December 31	<u>\$14,247</u>	<u>\$0</u>	<u>\$14,247</u>

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, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Brookside, Belmont County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, maintenance of Village streets, 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 the Eastern Ohio Regional Transit Authority, which are defined as jointly governed organizations. Note 9 to the financial statements provides additional information for these entities.

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

B. Accounting Basis

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Village values certificates of deposit at cost.

D. 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:

1. General Fund

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

Fire Levy Fund – This fund receives property tax, state grants and donations to provide for the purchase of fire equipment.

3. Capital Project Funds

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

Ohio Public Works Commission (OPWC) Water Line Improvement Fund – This fund receives proceeds of an OPWC loan for improvements to Village waterlines.

4. Enterprise Funds

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

Water Operating Fund - This fund receives rental charges for services from residents to cover water and sewer line usage costs.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the activity of the Village Mayor's Court.

E. Budgetary Process

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

VILLAGE OF BROOKSIDE
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 Village 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Deposits

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

	<u>2011</u>	<u>2010</u>
Demand deposits	\$127,698	\$214,884
Certificates of deposit	7,030	7,030
Total deposits	<u>\$134,728</u>	<u>\$221,914</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity

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

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,189	\$110,699	(\$5,490)
Special Revenue	78,485	71,749	(6,736)
Capital Projects	80,037	79,436	(601)
Enterprise	2,500	650	(1,850)
Total	\$277,211	\$262,534	(\$14,677)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$176,617	\$159,319	\$17,298
Special Revenue	187,550	78,436	109,114
Capital Projects	117,861	111,394	6,467
Enterprise	16,700	571	16,129
Total	\$498,728	\$349,720	\$149,008

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,100	\$112,384	(\$716)
Special Revenue	94,106	70,457	(23,649)
Capital Projects	227,101	80,503	(146,598)
Enterprise	2,500	768	(1,732)
Total	\$436,807	\$264,112	(\$172,695)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$169,963	\$109,243	\$60,720
Special Revenue	201,585	70,610	130,975
Capital Projects	264,705	80,467	184,238
Enterprise	16,960	983	15,977
Total	\$653,213	\$261,303	\$391,910

4. Property Tax

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Property Tax (Continued)

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.

5. Debt

Debt outstanding at December 31, 2011, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$239,442	0.00%

The Ohio Public Works Commission (OPWC) loan relates to water line improvements payable in semi-annual installments of \$4,058 at an annual percentage rate of 0.00%, with final payment due January 1, 2041. The Village's taxing authority collateralized the loan.

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

Year ending December 31:	OPWC Loan
2012	\$8,117
2013	8,117
2014	8,117
2015	8,117
2016	8,117
2017-2021	40,583
2022-2026	40,583
2027-2031	40,583
2032-2036	40,583
2037-2041	36,525
Total	\$239,442

6. Retirement Systems

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Retirement Systems (Continued)

Three Village officials chose not to belong to OPERS and instead contributed to Social Security. For 2011, these officials contributed 4.2% of their gross salary. For 2010, these officials contributed 6.2% of their gross salary. For 2011 and 2010, the Village contributed an amount equal to 6.2% of the participant's gross salary. The Village has paid all contributions required through December 31, 2011.

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. Contingent Liabilities

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

9. Jointly Governed Organizations

A. Eastern Ohio Regional Wastewater Authority (the Authority) was established by Ohio Rev. Code Section 6119, serving the municipalities of Bellaire, Brookside, Bridgeport and Martins Ferry. The Authority is operated by a four member Board of Trustees. One member is appointed by the Mayor of the Village. The Authority is not dependent upon the Village 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 not-for-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia (Ohio, Marshall and Wetzel Counties). The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by each local government within Belmont County. The Council is not dependent upon the Village for its continued existence, no debt exists, and the Village does not maintain an equity interest.

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

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Village Council:

We have audited the financial statements of the Village of Brookside, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 20, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village processes its financial transactions with 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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. Also, for December 31, 2011, we noted the Village has adopted Governmental Accounting Standards Board Statement No.54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 20, 2012.

We intend this report solely for the information and use of management, the audit committee, the Village Council, and others within the Village. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

April 20, 2012

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-01	Ohio Rev. Code Section 5705.34 for not certifying tax levies to the County Auditor before October 1.	Yes	N/A.
2009-02	Ohio Rev. Code Section 5705.36(A)(4) for fund appropriations exceeding actual resources.	No	Partially Corrected; The citation is reported within the Management Letter.
2009-03	Ohio Rev. Code Section 5705.39 for fund appropriations exceeding estimated resources.	Yes	N/A.
2009-04	Ohio Rev. Code Section 5705.41(B) for fund expenditures exceeding appropriations.	Yes	N/A.
2009-05	Ohio Admin. Code Section 117-2-02(D) & (E) for not keeping records of significant capital assets owned.	N/A	Finding No Longer Valid.
2009-06	Ohio Rev. Code Section 153.13 for not opening a proper contractor escrow account.	N/A	Finding No Longer Valid.
2009-07	Material Weakness issued for a lack of segregation of duties regarding check signatures.	N/A	Finding No Longer Valid.
2009-08	Material Weakness issued for not preventing or detecting errors and omissions within the financial statements, thus resulting in audit adjustments.	Yes	N/A.

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Dave Yost • Auditor of State

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
MAY 1, 2012**