



**VILLAGE OF BROOKSIDE
BELMONT COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

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Village Council
Village of Brookside
875 National Road
Bridgeport, Ohio 43912

We have reviewed the *Independent Auditor's Report* of the Village of Brookside, Belmont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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.

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 Brookside is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 21, 2020

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VILLAGE OF BROOKSIDE
BELMONT COUNTY

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INDEPENDENT AUDITOR'S REPORT

July 10, 2020

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Village of Brookside**, Belmont County, (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Brookside, Belmont County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the financial statements, during 2019 and 2018, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 50,834	\$ 22,684	\$ 73,518
Intergovernmental	42,925	726,335	769,260
Charges for Services	7,027	200	7,227
Fines, Licenses and Permits	5,071	-	5,071
Earnings on Investments	608	364	972
Miscellaneous	1,098	4,300	5,398
	<i>Total Cash Receipts</i>	<i>107,563</i>	<i>753,883</i>
	<i>107,563</i>	<i>753,883</i>	<i>861,446</i>
Cash Disbursements			
Current:			
Security of Persons and Property	30,287	675,738	706,025
Public Health Services	3,186	-	3,186
Leisure Time Activities	245	-	245
Transportation	3,315	25,038	28,353
General Government	44,395	708	45,103
Debt Service:			
Principal Retirement	17,086	-	17,086
Interest and Fiscal Charges	1,473	-	1,473
	<i>Total Cash Disbursements</i>	<i>99,987</i>	<i>701,484</i>
	<i>99,987</i>	<i>701,484</i>	<i>801,471</i>
<i>Net Change in Fund Cash Balances</i>	<i>7,576</i>	<i>52,399</i>	<i>59,975</i>
<i>Fund Cash Balances, January 1</i>	<i>58,344</i>	<i>80,876</i>	<i>139,220</i>
	<i>58,344</i>	<i>80,876</i>	<i>139,220</i>
Fund Cash Balances, December 31			
Restricted	-	133,275	133,275
Assigned	65,920	-	65,920
	<i>Fund Cash Balances, December 31</i>	<i>\$ 65,920</i>	<i>\$ 133,275</i>
	<i>\$ 65,920</i>	<i>\$ 133,275</i>	<i>\$ 199,195</i>

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary Fund Type</u>	
	<u>Enterprise</u>	
Operating Cash Receipts		
Charges for Services	\$	17,164
Miscellaneous		15,725
		<u>32,889</u>
<i>Total Operating Cash Receipts</i>		<u>32,889</u>
Operating Cash Disbursements		
Personal Services		3,867
Employee Fringe Benefits		659
Contractual Services		19,736
Supplies and Materials		4,932
		<u>29,194</u>
<i>Total Operating Cash Disbursements</i>		<u>29,194</u>
<i>Operating Income (Loss)</i>		<u>3,695</u>
Non-Operating (Disbursements)		
Capital Outlay		<u>(22,906)</u>
<i>Total Non-Operating (Disbursements)</i>		<u>(22,906)</u>
<i>Net Change in Fund Cash Balances</i>		(19,211)
<i>Fund Cash Balances, January 1</i>		<u>54,361</u>
<i>Fund Cash Balances, December 31</i>	\$	<u>35,150</u>

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

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Brookside (the Village), Belmont County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities through Eastern Ohio Regional Waste Authority (EORWA) and park operations (through Brookside Park District #9). The Village contracts with the Village of Bridgeport for police services to provide security of persons and property. The Village receives fire protection services from Brookside Volunteer Fire Department. The Village appropriates special revenue money to support a volunteer fire department.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organizations. Notes 7 and 12 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pools:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. The Village also belongs to the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. GRP provides worker's compensation for its members

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Ohio Workers Compensation Grant Fund – This fund accounts for grant money received by the Brookside Fire Department from Ohio Bureau of Workers' Compensation. Use of funds are restricted to expenditures for purchase and implement of approved intervention equipment.

State Grant: 2019 Equipment Grant Fund – This accounts for grant money received by the Brookside Fire Department from Ohio Department of Commerce, Division of State Fire Marshall (SFM). Use of funds are restricted to expenditures for purposes as set forth in the signed grant agreement and the Ohio Administrative Code.

State Grant Fund – This fund accounts for grant money received by the Brookside Fire Department from Ohio Development Services Agency. Use of funds are restricted to expenditures for purchase and implement of eligible project costs (as defined in Exhibit 1 of grant agreement).

FEMA Fund – This fund accounts for Federal grant money received by the Brookside Fire Department from FEMA. Use of funds are restricted to expenditures for purchase and implement of approved equipment.

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 and Sewer Operating Fund – This fund accounts for the provision of sanitary sewer services, water treatment, and water distribution to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village invests all available funds in checking and Money Market accounts.

Capital Assets

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

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.

Fund Balance

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

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

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.

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.

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.

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Federal Grant - FEMA fund, State Grants fund, State Grant: 2019 Equipment Grant fund, and Fire Levy fund by \$130,869, \$500,000, \$10,000, and \$7,946 for the year ended December 31, 2019.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,111	\$ 107,563	\$ 12,452
Special Revenue	773,905	753,883	(20,022)
Enterprise	11,700	32,889	21,189
Total	\$ 880,716	\$ 894,335	\$ 13,619

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 153,455	\$ 99,987	\$ 53,468
Special Revenue	150,715	701,484	(550,769)
Enterprise	66,061	52,100	13,961
Total	\$ 370,231	\$ 853,571	\$ (483,340)

Note 5 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2019 was as follows:

Demand deposits	\$ 234,345
Total deposits	\$ 234,345

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Taxes

Property Taxes

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.

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

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

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

Social Security

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 10 - Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission CR22L	\$ 174,508	0.00%
Unified Bank Loan	33,072	3.84%
Total	\$ 207,580	

The Ohio Public Works Commission loan relates to a Water Line Improvement Project. The loan is through the Public Entities Pool of Ohio. First payment was due on 7/1/2011. The loan matures in January 2041. Original loan amount was \$243,500. Payments are made twice a year and each payment is equal to \$4,058.33. Payments are made to Treasurer State of Ohio (Ohio Public Works Commission).

The Unified Bank loan relates to the purchase of a truck – 2017 Chevy Silverado for the Street Supervisor. The date of purchase was May 31, 2018. The original amount borrowed was \$52,771. The loan has a five year term and matures in May 2023.

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt (Continued)

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

Year ending December 31:	OPWC CR22L	Unified Bank Loan
2020	\$ 8,117	\$ 10,442
2021	8,117	10,442
2022	8,117	10,442
2023	8,117	4,021
2024	8,117	-
2025-2029	40,583	-
2030-2034	40,583	-
2035-2039	40,583	-
2040-2043	12,174	-
Total	<u>\$ 174,508</u>	<u>\$ 35,347</u>

Note 11 – 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.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 54,780	\$ 22,366	\$ 77,146
Intergovernmental	41,157	66,776	107,933
Charges for Services	7,423	200	7,623
Fines, Licenses and Permits	4,676	-	4,676
Earnings on Investments	489	254	743
Miscellaneous	1,685	21,765	23,450
<i>Total Cash Receipts</i>	<u>110,210</u>	<u>111,361</u>	<u>221,571</u>
Cash Disbursements			
Current:			
Security of Persons and Property	32,584	34,860	67,444
Public Health Services	3,230	-	3,230
Leisure Time Activities	180	-	180
Transportation	7,155	29,770	36,925
General Government	56,858	9,081	65,939
Capital Outlay	56,832	34,222	91,054
Debt Service:			
Principal Retirement	18,847	3,208	22,055
Interest and Fiscal Charges	1,493	-	1,493
<i>Total Cash Disbursements</i>	<u>177,179</u>	<u>111,141</u>	<u>288,320</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(66,969)</u>	<u>220</u>	<u>(66,749)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	52,771	-	52,771
Sale of Capital Assets	6,300	-	6,300
<i>Total Other Financing Receipts (Disbursements)</i>	<u>59,071</u>	<u>-</u>	<u>59,071</u>
<i>Net Change in Fund Cash Balances</i>	(7,898)	220	(7,678)
<i>Fund Cash Balances, January 1</i>	<u>66,242</u>	<u>80,656</u>	<u>146,898</u>
Fund Cash Balances, December 31			
Restricted	-	80,876	80,876
Assigned	58,344	-	58,344
<i>Fund Cash Balances, December 31</i>	<u>\$ 58,344</u>	<u>\$ 80,876</u>	<u>\$ 139,220</u>

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 14,874
<i>Total Operating Cash Receipts</i>	<i>14,874</i>
Operating Cash Disbursements	
Personal Services	1,194
Employee Fringe Benefits	192
Contractual Services	4,205
Supplies and Materials	1,155
<i>Total Operating Cash Disbursements</i>	<i>6,746</i>
<i>Operating Income (Loss)</i>	<i>8,128</i>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	3,759
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>3,759</i>
<i>Net Change in Fund Cash Balances</i>	<i>11,887</i>
<i>Fund Cash Balances, January 1</i>	<i>42,474</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 54,361</i>

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

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Village of Brookside (the Village), Belmont County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities through Eastern Ohio Regional Waste Authority (EORWA) and park operations (through Brookside Park District #9). The Village contracts with the Village of Bridgeport for police services to provide security of persons and property. The Village receives fire protection services from Brookside Volunteer Fire Department. The Village appropriates special revenue money to support a volunteer fire department.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organizations. Notes 7 and 12 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pools:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. The Village also belongs to the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. GRP provides worker's compensation for its members

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Ohio Workers Compensation Grant Fund – This fund accounts for grant money received by the Brookside Fire Department from Ohio Bureau of Workers' Compensation. Use of funds are restricted to expenditures for purchase and implement of approved intervention equipment.

State Grant: 2019 Equipment Grant Fund – This accounts for grant money received by the Brookside Fire Department from Ohio Department of Commerce, Division of State Fire Marshall (SFM). Use of funds are restricted to expenditures for purposes as set forth in the signed grant agreement and the Ohio Administrative Code.

State Grant Fund – This fund accounts for grant money received by the Brookside Fire Department from Ohio Development Services Agency. Use of funds are restricted to expenditures for purchase and implement of eligible project costs (as defined in Exhibit 1 of grant agreement).

FEMA Fund – This fund accounts for Federal grant money received by the Brookside Fire Department from FEMA. Use of funds are restricted to expenditures for purchase and implement of approved equipment.

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 and Sewer Operating Fund – This fund accounts for the provision of sanitary sewer services, water treatment, and water distribution to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village invests all available funds in checking and Money Market accounts.

Capital Assets

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

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.

Fund Balance

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

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

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.

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.

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.

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund, Fire Levy fund, and FEMA fund by \$33,173, \$32,512, and \$20,955 for the year ended December 31, 2018.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 73,797	\$ 168,842	\$ 95,045
Special Revenue	615,942	111,361	(504,581)
Enterprise	42,474	18,633	(23,841)
Total	\$ 732,213	\$ 298,836	\$ (433,377)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 143,568	\$ 176,740	\$ (33,172)
Special Revenue	141,966	111,141	30,825
Enterprise	53,274	6,746	46,528
Total	\$ 338,808	\$ 294,627	\$ 44,181

Note 5 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2018 was as follows:

Demand deposits	\$ 193,581
Total deposits	\$ 193,581

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Taxes

Property Taxes

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.

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

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

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

Social Security

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 9 - Postemployment Benefits

Both OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 10 - Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission CR22L	\$ 182,625	0.00%
Unified Bank Loan	42,041	3.84%
Total	\$ 224,666	

The Ohio Public Works Commission loan relates to a Water Line Improvement Project. The loan is through the Public Entities Pool of Ohio. First payment was due on 7/1/2011. The loan matures in January 2041. Original loan amount was \$243,500. Payments are made twice a year and each payment is equal to \$4,058.33. Payments are made to Treasurer State of Ohio (Ohio Public Works Commission).

The Unified Bank loan relates to the purchase of a truck – 2017 Chevy Silverado for the Street Supervisor. The date of purchase was May 31, 2018. The original amount borrowed was \$52,771. A lump sum payment of \$6,300 was made to principal on July 16, 2018 (proceeds from the sale of the old truck) and interest only payment of \$263.89 was made on July 17, 2018. Regular payments are being made with the first regular monthly payment made on July 30, 2018. The loan has a five year term and matures in May 2023.

VILLAGE OF BROOKSIDE
BELMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt (Continued)

The 2012 Ohio Department of Commerce loan relates to the purchase of a Chevy Truck. Payments are made to the Department of Commerce four times a year. The loan was for the purchase of a Fire Department Brush Truck. The original loan amount was \$38,500. The loan was paid in full in 2018.

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

Year ending December 31:	OPWC CR22L	Unified Bank Loan
2019	\$ 8,117	\$ 10,442
2020	8,117	10,442
2021	8,117	10,442
2022	8,117	10,442
2023	8,117	4,021
2024-2028	40,583	-
2027-2033	40,583	-
2034-2038	40,583	-
2039-2042	20,291	-
Total	<u>\$ 182,625</u>	<u>\$ 45,789</u>

Note 11 – 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.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

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

July 10, 2020

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Brookside**, Belmont County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 10, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2019-002.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness

Posting Estimated Revenues and Appropriations

The Village did not have a control procedure in place to ensure that estimated receipts and appropriations, as authorized by the Council and approved by the County Budget Commission, were reconciled to the estimated receipts and appropriations posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 4 to the financial statements in order to accurately present estimated receipts as certified by the County Budget Commission.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the Budget Commission after each amendment.

Management's Response – Steps will be taken to put control procedure in place.

FINDING NUMBER 2019-002

Noncompliance

Ohio Revised Code, § 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2019, expenditures exceeded appropriation authority in the Federal Grant – FEMA fund, State Grants fund, State Grant: 2019 Equipment Grant fund, and Fire Levy fund by \$130,869, \$500,000, \$10,000, and \$7,946.

In 2018, expenditures exceeded appropriation authority in the General fund, Fire Levy fund, and FEMA fund by \$33,173, \$32,512, and \$20,955.

We recommend the Council compare expenditures versus appropriation authority throughout the year. Also, the Council should not approve expenditures greater than appropriations. This can result in the Village spending more money than it appropriated and could cause possible negative fund balances.

Management's Response – In the future, amended appropriations in addition to request for amended official certificate of estimated resources will be sent to Belmont County Auditor's Office.

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Posting Receipts, Disbursements and Fund Balances	Partially corrected	Moved to Management Letter
2017-002	Utility Billing	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BROOKSIDE

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/3/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov