



**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Proprietary Fund Type – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Proprietary Fund Type – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Brookside, Belmont County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Brookside, Belmont County, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and cash 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 March 3, 2000, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 3, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$18,507	\$23,052	\$41,559
Intergovernmental	51,675	72,067	123,742
Charges for Services	3,034	150	3,184
Fines, Licenses, and Permits	2,305	160	2,465
Earnings on Investments	3,695	612	4,307
Miscellaneous	13,433	6,139	19,572
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	92,649	102,180	194,829
Cash Disbursements:			
Current:			
Security of Persons and Property	22,873	22,579	45,452
Public Health Services	3,399		3,399
Leisure Time Activities	383		383
Basic Utility Services	776		776
Transportation	18,758	15,249	34,007
General Government	28,442	569	29,011
Capital Outlay	100,221	51,234	151,455
Debt Service:			
Principal/Interest Payments	579	11,487	12,066
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	175,431	101,118	276,549
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(82,782)	1,062	(81,720)
Other Financing Receipts:			
Proceeds of Notes	74,998		74,998
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	74,998	0	74,998
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(7,784)	1,062	(6,722)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	73,443	30,005	103,448
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$65,659</u>	<u>\$31,067</u>	<u>\$96,726</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE -
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,296
Total Operating Cash Receipts	1,296
Operating Cash Disbursements:	
Contractual Services	261
Total Operating Cash Disbursements	261
Operating Income	1,035
Fund Cash Balance, January 1	2,800
Fund Cash Balance, December 31	\$3,835

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$17,010	\$20,152	\$37,162
Intergovernmental	50,472	18,316	68,788
Charges for Services	3,007	150	3,157
Fines, Licenses, and Permits	2,305	90	2,395
Earnings on Investments	5,280	1,487	6,767
Miscellaneous	2,018	3,123	5,141
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	80,092	43,318	123,410
Cash Disbursements:			
Current:			
Security of Persons and Property	22,149	9,123	31,272
Public Health Services	1,872		1,872
Basic Utility Services	2,357		2,357
Transportation	17,611	13,540	31,151
General Government	28,370	448	28,818
Capital Outlay	8,606	2,119	10,725
Debt Service:			
Principal/Interest Payments		11,487	11,487
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	80,965	36,717	117,682
Total Cash Receipts Over/(Under) Cash Disbursements	(873)	6,601	5,728
Fund Cash Balances, January 1	74,316	23,404	97,720
Fund Cash Balances, December 31	<u>\$73,443</u>	<u>\$30,005</u>	<u>\$103,448</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE -
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$758
Total Operating Cash Receipts	758
Operating Cash Disbursements:	
Contractual Services	289
Total Operating Cash Disbursements	289
Operating Income	469
Fund Cash Balance, January 1	2,331
Fund Cash Balance, December 31	\$2,800

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Brookside, Belmont County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water utility, fire, and emergency services, and maintenance of streets. The Village contracts with the Village of Bridgeport to provide security of persons and property.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

C. Cash and Investments

Certificates of deposit and passbook savings account are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money to construct, maintain and repair Village streets.

Issue II Fund - This fund receives Ohio Public Works Commission monies for the National Road project.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Levy Fund -This fund receives property tax monies to operate the fire department.

3. Enterprise Fund

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

Water Fund - This fund receives charges for services (line rent)from residents to cover the cost of providing this utility. Actual user charges are billed and received by the Village of Bridgeport who provides the actual services to the Village.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year fund cash balances. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 13,956	\$ 6,876
Certificates of deposit	55,000	55,000
Passbook savings	<u>31,605</u>	<u>44,372</u>
Total deposits	<u>\$ 100,561</u>	<u>\$ 106,248</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 80,625	\$ 167,647	\$ 87,022
Special Revenue	135,000	102,180	(32,820)
Enterprise	<u>800</u>	<u>1,296</u>	<u>496</u>
Total	<u>\$ 216,425</u>	<u>\$ 271,123</u>	<u>\$ 54,698</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 153,410	\$ 175,431	\$ (22,021)
Special Revenue	165,750	101,118	64,632
Enterprise	<u>3,500</u>	<u>261</u>	<u>3,239</u>
Total	<u>\$ 322,660</u>	<u>\$ 276,810</u>	<u>\$ 45,850</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 74,735	\$ 80,092	\$ 5,357
Special Revenue	38,311	43,318	5,007
Enterprise	800	758	(42)
Total	\$ 113,846	\$ 124,168	\$ 10,322

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 149,351	\$ 80,965	\$ 68,386
Special Revenue	61,600	36,717	24,883
Enterprise	3,100	289	2,811
Total	\$ 214,051	\$ 117,971	\$ 96,080

4. PROPERTY TAX

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$ 45,000	5.85%
General Obligation Note/Installment Loan	52,268	5.95%
General Obligation Note/Installment Loan	<u>29,567</u>	5.94%
Total	<u>\$ 126,835</u>	

The General Obligation Note relates to the purchase of two tracts of real property. This note is backed by the full faith and credit of the Village and has a maturity date of one year or less.

The General Obligation Notes/Installment Loans were for a fire truck and a dump truck purchased by the Village in 1995 and 1999, respectively. The original note for the fire truck was for \$86,072, and will be repaid in monthly installments of \$957, including interest. The original note for the dump truck was for \$29,998, and will be repaid in monthly installments of \$579, including interest.

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

Year ending December 31:	General Obligation Note (Dump Truck)	General Obligation Note (Fire Truck)
2000	\$ 6,951	\$ 11,487
2001	6,951	11,487
2002	6,951	11,487
2003	6,951	11,487
2004	6,370	11,487
Subsequent	<u>0</u>	<u>3,830</u>
Total	<u>\$ 34,174</u>	<u>\$ 61,265</u>

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement health care, 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 1999 and 1998, members of PERS contributed 8.5 percent of their gross salaries. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Public Officials and Employees Liability
- Floods
- Comprehensive Property and General Liability
- Vehicles
- Employers Liability



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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Brookside, Belmont County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 3, 2000.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 3, 2000.

Village of Brookside
Belmont County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 3, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF BROOKSIDE

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 18, 2000**