



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF BRIDGEPORT  
BELMONT COUNTY

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Mary Taylor, CPA  
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Village of Bridgeport  
Belmont County  
301 Main Street  
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.

*Mary Taylor*

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Auditor of State

December 5, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Bridgeport  
Belmont County  
301 Main Street  
Bridgeport, Ohio 43912

To the Village Council:

We have audited the accompanying financial statements of the Village of Bridgeport, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006. 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.

Except as discussed in paragraph 6, 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(B) and 115.56 mandate 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 third following paragraph.

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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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position or cash flows for the years then ended.

During 2007, the Village allocated \$21,000, \$2,400, \$2,400, and \$1,200 from the Water Operating Fund, Sewer Operating Fund, Street Construction, Maintenance and Repair Fund, and the Cemetery Fund, respectively, to the General Fund for administrative costs incurred on behalf of the above noted funds. The Village did not have any support for this allocation methodology. Due to the impact this adjustment would have on the General Fund, the Village has declined to make this adjustment this audit period.

In our opinion, except for the effects of such adjustments, if any, were made to the financial statements due to the unsupported cost allocation to the General Fund described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Bridgeport, Belmont County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008, 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.

We conducted our audit to opine on the financial statements that comprise the Village's financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole, for the year ended December 31, 2007.



**Mary Taylor, CPA**  
Auditor of State

December 5, 2008



**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$158,024	\$33,547		\$191,571
Intergovernmental	136,778	106,964	\$977,485	1,221,227
Charges for Services	199,778	9,850		209,628
Fines, Licenses and Permits	105,919			105,919
Earnings on Investments	11,390			11,390
Miscellaneous	42,061	4,408		46,469
	<u>653,950</u>	<u>154,769</u>	<u>977,485</u>	<u>1,786,204</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	469,636	22,876		492,512
Public Health Services	8,646	10,098		18,744
Leisure Time Activities	666			666
Basic Utility Service	108,607			108,607
Transportation		49,156		49,156
General Government	152,317	58,539		210,856
Debt Service:				
Redemption of Principal		14,317		14,317
Interest and Fiscal Charges		5,683		5,683
Capital Outlay		41,990	1,196,042	1,238,032
	<u>739,872</u>	<u>202,659</u>	<u>1,196,042</u>	<u>2,138,573</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts (Under) Cash Disbursements	<u>(85,922)</u>	<u>(47,890)</u>	<u>(218,557)</u>	<u>(352,369)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes	21,500			21,500
OPWC Loan Proceeds			228,026	228,026
Other Debt Proceeds	35,000	5,000		40,000
Sale of Fixed Assets	2,222	1,750		3,972
Transfers-In	4,065			4,065
Transfers-Out		(4,065)		(4,065)
Advances-In	71,000	101,000		172,000
Advances-Out	(71,000)	(101,000)		(172,000)
Other Financing Sources	27,000			27,000
Other Financing Uses			(9,468)	(9,468)
	<u>89,787</u>	<u>2,685</u>	<u>218,558</u>	<u>311,030</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,865	(45,205)	1	(41,339)
Fund Cash Balances, January 1	<u>8,876</u>	<u>149,673</u>	<u>8,770</u>	<u>167,319</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$12,741</b></u>	<u><b>\$104,468</b></u>	<u><b>\$8,771</b></u>	<u><b>\$125,980</b></u>

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

**VILLAGE OF BRIDGEPORT  
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, 2007**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$720,700			\$720,700
Total Operating Cash Receipts	720,700	\$0	\$0	720,700
<b>Operating Cash Disbursements:</b>				
Personal Services	142,808			142,808
Employee Fringe Benefits	58,521			58,521
Contractual Services	108,273			108,273
Supplies and Materials	197,222			197,222
Other	5,102			5,102
Total Operating Cash Disbursements	511,926	0	0	511,926
Operating Income	208,774	0	0	208,774
<b>Non-Operating Cash Receipts:</b>				
Property and Other Local Taxes	256			256
Intergovernmental	991			991
Special Assessments	10,110			10,110
Miscellaneous Receipts	31,736			31,736
Other Financing Sources			285,549	285,549
Total Non-Operating Cash Receipts	43,093	0	285,549	328,642
<b>Non-Operating Cash Disbursements:</b>				
Capital Outlay	5,451			5,451
Redemption of Principal	132,499			132,499
Interest and Other Fiscal Charges	65,184			65,184
Other Financing Uses			280,533	280,533
Total Non-Operating Cash Disbursements	203,134	0	280,533	483,667
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	48,733	0	5,016	53,749
Transfers-In	27,617			27,617
Transfers-Out	(27,617)			(27,617)
Advances-In	103,000			103,000
Advances-Out	(103,000)			(103,000)
Net Receipts Over Disbursements	48,733	0	5,016	53,749
Fund Cash Balances, January 1	88,867	1,000	21,030	110,897
<b>Fund Cash Balances, December 31</b>	<b>\$137,600</b>	<b>\$1,000</b>	<b>\$26,046</b>	<b>\$164,646</b>

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

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$164,359	\$29,212		\$193,571
Intergovernmental	145,225	297,622		442,847
Charges for Services	197,088	5,450		202,538
Fines, Licenses and Permits	101,925	2,892		104,817
Earnings on Investments	21,439			21,439
Miscellaneous	35,206	12,199		47,405
Total Cash Receipts	<u>665,242</u>	<u>347,375</u>	<u>\$0</u>	<u>1,012,617</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	463,661	42,902		506,563
Public Health Services	8,668	10,822		19,490
Leisure Time Activities	3,357			3,357
Basic Utility Service	63,600			63,600
Transportation		31,859		31,859
General Government	147,247	410,162		557,409
Debt Service:				
Redemption of Principal		13,661		13,661
Interest and Fiscal Charges		6,339		6,339
Total Cash Disbursements	<u>686,533</u>	<u>515,745</u>	<u>0</u>	<u>1,202,278</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(21,291)</u>	<u>(168,370)</u>	<u>0</u>	<u>(189,661)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	2,970			2,970
Transfers-In		39,100		39,100
Transfers-Out	(39,100)			(39,100)
Advances-In	31,449	16,449		47,898
Advances-Out	(31,449)	(16,449)		(47,898)
Other Financing Sources	2,755			2,755
Total Other Financing Receipts/(Disbursements)	<u>(33,375)</u>	<u>39,100</u>	<u>0</u>	<u>5,725</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(54,666)	(129,270)	0	(183,936)
Fund Cash Balances, January 1 (Restated See Note 2)	<u>63,542</u>	<u>278,943</u>	<u>8,770</u>	<u>351,255</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$8,876</u></u></b>	<b><u><u>\$149,673</u></u></b>	<b><u><u>\$8,770</u></u></b>	<b><u><u>\$167,319</u></u></b>

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

**VILLAGE OF BRIDGEPORT  
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, 2006**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$654,255			\$654,255
Miscellaneous		\$1,000		1,000
Total Operating Cash Receipts	<u>654,255</u>	<u>1,000</u>	<u>\$0</u>	<u>655,255</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	166,936			166,936
Employee Fringe Benefits	66,685			66,685
Contractual Services	139,327			139,327
Supplies and Materials	193,387			193,387
Other	2,336			2,336
Total Operating Cash Disbursements	<u>568,671</u>	<u>0</u>	<u>0</u>	<u>568,671</u>
Operating Income	<u>85,584</u>	<u>1,000</u>	<u>0</u>	<u>86,584</u>
<b>Non-Operating Cash Receipts:</b>				
Property and Other Local Taxes	3,727			3,727
Intergovernmental	594			594
Special Assessments	157			157
Miscellaneous Receipts	16,546			16,546
Other Financing Sources			214,971	214,971
Total Non-Operating Cash Receipts	<u>21,024</u>	<u>0</u>	<u>214,971</u>	<u>235,995</u>
<b>Non-Operating Cash Disbursements:</b>				
Capital Outlay	89,328			89,328
Redemption of Principal	151,141			151,141
Interest and Other Fiscal Charges	66,542			66,542
Other Financing Uses			212,789	212,789
Total Non-Operating Cash Disbursements	<u>307,011</u>	<u>0</u>	<u>212,789</u>	<u>519,800</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Advances	(200,403)	1,000	2,182	(197,221)
Advances-In	15,000			15,000
Advances-Out	(15,000)			(15,000)
Net Receipts Over/(Under) Disbursements	(200,403)	1,000	2,182	(197,221)
Fund Cash Balances, January 1 - Restated Note 2	<u>289,270</u>	<u>0</u>	<u>18,848</u>	<u>308,118</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$88,867</u></u></b>	<b><u><u>\$1,000</u></u></b>	<b><u><u>\$21,030</u></u></b>	<b><u><u>\$110,897</u></u></b>

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

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**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 Bridgeport, Belmont County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer and garbage utilities, maintenance of Village streets, park operations, fire and emergency medical services, and police services.

The Village participates in the Bel-O-Mar Regional Council and the Eastern Ohio Regional Transit Authority, which are defined as jointly governed organizations. Note 11 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. 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.

**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 license tax money for constructing, maintaining, and repairing Village streets.

Federal Emergency Management Agency (FEMA) Fund – This fund receives federal and state grant revenues for flood damage and severe winter storms.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Fund Accounting (Continued)**

**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:

Kirkwood Heights Sewer Project Fund – This fund receives federal and state grant revenues for the construction of a sanitary sewer line for the Kirkwood Heights section of the Village.

**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 charges for services revenue from Village residents to cover water service 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. The Village's private purpose trust fund provides perpetual care for the Watson Lot at the Weeks Cemetery.

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 water utility collections on-behalf-of Belmont County for the Lansing area.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund (except the agency fund) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function 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. For 2007, the Village did not adopt an appropriation measure.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Process (Continued)**

**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 reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 budgetary activity appears in Note 4.

**E. 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.

**F. 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. Prior Period Adjustments**

Prior to January 1, 2006, the Village included the Weeks Cemetery Perpetual Care Fund as a Non-Expendable Trust Fund. As of December 31, 2007 and 2006, this Fund is now reflected as a Special Revenue Fund within these audited financial statements as the Fund benefits the Village as a whole. This resulted in a change of \$30,066 from the Non-Expendable Trust Fund Type to the Special Revenue Fund Type as of January 1, 2006.

Prior to January 1, 2006, the Village included the Grant Construction Fund as a Special Revenue Fund. As of December 31, 2007 and 2006, this fund is now reflected as a Capital Projects Fund within these audited financial statements. This resulted in a change of \$8,770 from the Special Revenue Fund Type to the Capital Projects Fund Type as of January 1, 2006.

The Village incorrectly reflected the correction of a double transfer to the payroll clearing account during the 2005 year. This resulted in a decrease of \$11,362 to the General Fund cash balance and a decrease of \$2,225 to the Special Revenue Fund Type cash balance as of January 1, 2006.

The Village bills certain water utility customers on behalf of the Belmont County Sanitary Sewer District. The collections are held in a separate checking account until disbursed to Belmont County. This activity has not previously been recorded on the financial statements as an agency fund.

The following identifies the effect of these changes on fund cash balance by fund type:

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. Prior Period Adjustments (Continued)**

	General Fund	Special Revenue	Capital Projects	Non- Expendable Trust	Agency Fund
Fund Cash Balance, 12/31/05	\$74,904	\$259,872	\$0	\$30,066	\$0
Reclassification of funds		21,296	8,770	(30,066)	
Correction of accounting error	(11,362)	(2,225)			
Water utility clearing account					18,848
Restated Fund Cash Balance, 1/1/06	<u>\$63,542</u>	<u>\$278,943</u>	<u>\$8,770</u>	<u>\$0</u>	<u>\$18,848</u>

**3. Equity in Pooled Cash**

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

	2007	2006
Demand deposits	\$147,128	\$141,307
Money market deposit account	143,498	136,909
Total deposits	<u>\$290,626</u>	<u>\$278,216</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007 and 2006, follows:

**2007 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$694,250	\$743,737	\$49,487
Special Revenue	147,430	161,519	14,089
Capital Projects	0	1,205,511	1,205,511
Enterprise	656,300	791,410	135,110
Total	<u>\$1,497,980</u>	<u>\$2,902,177</u>	<u>\$1,404,197</u>

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$739,872	(\$739,872)
Special Revenue	0	206,724	(206,724)
Capital Projects	0	1,205,510	(1,205,510)
Enterprise	0	742,677	(742,677)
Total	<u>\$0</u>	<u>\$2,894,783</u>	<u>(\$2,894,783)</u>



**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. Budgetary Activity (Continued)**

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$606,000	\$670,967	\$64,967
Special Revenue	174,382	386,475	212,093
Capital Projects	8,770	0	(8,770)
Enterprise	678,400	675,279	(3,121)
Private Purpose Trust	0	1,000	1,000
Total	\$1,467,552	\$1,733,721	\$266,169

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$620,738	\$725,633	(\$104,895)
Special Revenue	235,700	515,745	(280,045)
Enterprise	739,000	875,682	(136,682)
Total	\$1,595,438	\$2,117,060	(\$521,622)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds by \$2,894,783 for the year ended December 31, 2007, as Village Council did not pass an appropriation ordinance for 2007. Also at December 31, 2006, budgetary expenditures exceeded appropriation authority in the General Fund by \$104,895; Street Construction, Maintenance and Repair Fund by \$6,652; State Highway Fund by \$5,873; Cemetery Fund by \$2,821; FEMA Grant Fund by \$354,737; Water Operating Fund by \$85,161; Sewer Operating Fund by \$55,903; and Parking Fund by \$1,782.

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the December 5 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.

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

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

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**6. Debt**

Debt outstanding at December 31, 2007, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$2,086,917	1.5%
General Obligation Notes	161,077	4.75% - 4.97%
Mortgage Revenue Bonds	616,000	5.00%
Police & Fire Pension Liability	<u>62,791</u>	4.25%
Total	<u><u>\$2,926,785</u></u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$2,560,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$61,917, including interest, over 25 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The General Obligation Notes relate to financing of a fire truck, a new police cruiser, and a new truck for use by the Street Department. These loans are payable in monthly or annual installments at annual percentage rates of 4.75% through 4.97%. The Village has pledged these assets as security for these loans.

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

The Village's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2007 was \$251,950 in principal and interest payments through the year 2035. Only the principal amount of \$62,791 as of December 31, 2007, is included in the debt schedule above. Payments are made from property tax received into the Police and Fire Pension Special Revenue Fund.

The Village currently has an outstanding Ohio Public Works Commission (OPWC) loan in the amount of \$450,000 relating to the Kirkwood Heights sanitary sewer project. As of December 31, 2007, \$228,026 of these proceeds has been received by the Village. The final amount of the loan is subject to change based on the close-out of the project and the actual amounts utilized by the Village. The loan will be collateralized by sewer receipts.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**6. Debt (Continued)**

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

Year ending December 31:	OWDA Loan	General Obligation Notes	Mortgage Revenue Bonds	Police & Fire Pension Liability	Grand Total
2008	\$123,833	\$65,426	\$73,800	\$3,896	\$266,955
2009	123,833	24,942	73,650	3,896	226,321
2010	123,833	24,942	74,400	3,896	227,071
2011	123,833	59,691	74,000	3,896	261,420
2012	123,833	4,941	74,500	3,896	207,170
2013-2017	619,166	0	370,250	19,484	1,008,900
2018-2022	619,166	0	75,600	19,484	714,250
2023-2027	557,249	0	0	19,484	576,733
2028-2032	0	0	0	19,484	19,484
2033-2035	0	0	0	9,566	9,566
Total	<u>\$2,414,746</u>	<u>\$179,942</u>	<u>\$816,200</u>	<u>\$106,982</u>	<u>\$3,517,870</u>

**7. Retirement Systems**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**10. Related Party Transactions**

A Village official is the owner of a construction company from which the Village contracted with during 2005 for a FEMA Project. The Village paid \$36,309 toward this contract during 2006.

**11. Jointly Governed Organizations**

**A. The 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 of Bridgeport for its continued existence, no debt exists, and the Village does not maintain an equity interest.

**B. The Eastern Ohio Regional Transit Authority** was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine 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.

**12. Subsequent Events**

A former Village employee was discharged from his duties in 2005 regarding questioned overtime charges. The former employee ultimately repaid \$4,925 to the Village in 2006. The Village contacted OPERS regarding this matter with OPERS subsequently reducing the former employee's pension by half. The former employee has now agreed to repay the Village an additional \$15,000 with the stipulation the Village release him back to OPERS. During the Village Council meeting held September 16, 2008, Council accepted the offer of \$15,000 from the former employee.

On January 15, 2008, the Village approved Ordinance 2008-03 to issue a \$350,000 general obligation note to complete construction of a sanitary sewer line for the Kirkwood Heights section of the Village. The note was issued at 4.79% and is to be repaid at the rate of \$2,000 per month during 2008. The balance of principal and interest are due at maturity on January 15, 2009.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Number</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant - State's Program:			
Water and Sanitary Sewer Competitive Grant Program	14.228	C-W-05-397-1	\$453,270
Appalachian Regional Commission Program	14.228	C-P-05-397-1	<u>124,214</u>
Total Community Development Block Grant Program			<u>577,484</u>
Total United States Department of Housing and Urban Development			<u>577,484</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$577,484</u></u></b>

*The Notes to the Schedule of Federal Awards Expenditures is an integral part of the Schedule.*

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



# Mary Taylor, CPA

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 Bridgeport  
Belmont County  
301 Main Street  
Bridgeport, Ohio 43912

To the Village Council:

We have audited the financial statements of the Village of Bridgeport, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated December 5, 2008, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village allocated monies from the Water Operating, Sewer Operating, Street Construction, Maintenance and Repair, and the Cemetery Funds' to the General Fund for administrative costs incurred on behalf of these funds. This allocation was not supported by a cost allocation plan or other reasonable methodology. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. 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(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 expressing our opinion on the financial statements, but not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001, 2007-004 and 2007-005.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-004 and 2007-005 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated December 5, 2008.

#### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001, 2007-002, 2007-003, and 2007-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 5, 2008.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, Village Council, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 5, 2008





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Village of Bridgeport  
Belmont County  
301 Main Street  
Bridgeport, Ohio 43912

To the Village Council:

### Compliance

We have audited the compliance of the Village of Bridgeport, Belmont County, Ohio (the Village), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

### Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Village's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of management, Village Council, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 5, 2008

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, qualified under the regulatory basis
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grant - State's Program C.F.D.A. #14.228
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

VILLAGE OF BRIDGEPORT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2007 AND 2006  
(Continued)

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

**FINDING NUMBER 2007-001**

**Finding for Adjustment/Noncompliance Citation/Significant Deficiency**

Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established.

A municipality may lawfully pay into its general fund from the revenues of its waterworks, and sewer rentals, as a part of the cost of operation of such utility, a reasonable portion of the expenses of the general administrative offices and departments of the municipality which in any way contribute to the operation of such waterworks. 1952 Op. Atty. Gen. No. 1533; See also Ohio Rev. Code Sections 729.52, 743.05, 743.06.

During 2007, the General Fund received an allocation of monies from the following funds in the following amounts:

<b>Fund</b>	<b>Amount</b>
Street Construction, Maintenance & Repair	\$2,400
Cemetery	1,200
Water Operating	21,000
Sewer Operating	2,400
Total	\$27,000

This General Fund received this allocation of monies for administrative costs incurred on-behalf of the above noted departments; however, there was no support for the chargebacks through a formal cost allocation plan, nor was there any other support for the allocation methodology.

The Village Administrator discussed these allocations with the department heads and they agreed the amount was a fair charge for the duties performed by the General Fund on behalf of their department.

As a result of the foregoing facts, a finding for adjustment is hereby issued against the General Fund in the amount of \$27,000, and in favor of the Street, Construction Maintenance & Repair, Cemetery, Water Operating, and Sewer Operating Funds in the amounts of \$2,400, \$1,200, \$21,000, and \$2,400, respectively.

Due to the impact this adjustment would have on the General Fund, the Village has declined to make this adjustment to the Village records; therefore, the accompanying financial statements do not reflect this adjustment.

We recommend Village Council provide support for future allocations to the General Fund based on some methodology as to what administrative duties are performed on behalf of the funds.

**Officials' Response:**

The cost allocation plan that was initiated in 2007 was a result of the implementation of the Auditor of State's UAN system and was done to fairly distribute a portion of the costs of the operation to the departments and funds outside the general fund that were now incorporated into the system.

VILLAGE OF BRIDGEPORT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2007 AND 2006  
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2007-001  
(Continued)**

**Finding for Adjustment/Noncompliance Citation/Significant Deficiency - Ohio Rev. Code Section 5705.10(H) (Continued)**

**Officials' Response (Continued):**

We have been notified that the allocations made during the year of 2007 had been denied due to the failure to enact legislation to initiate the plan. We have also been informed that it is necessary to present a methodology that supports the duties performed and other costs on behalf of the funds. The methodology is not included in this response due to some other projects that are currently underway, but will be done in the very near future and will be presented to the AOS for review.

**FINDING NUMBER 2007-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code:

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made "then" and at the time that the fiscal officer is completing the certification "now", that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without a resolution or ordinance of the Village upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-002  
(Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

Although the obligations paid by the Village had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 86% and 75% of transactions tested in 2007 and 2006, respectively, and there was no evidence of a “Then and Now” certificate being utilized. On most occasions the Fiscal Officer would not prepare the purchase order until after the invoice was received.

Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Village. When prior certification is not possible, “then and now” certificates should be used.

We recommend the Village certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Village incurring a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**Officials’ Response:**

The method and control for making expenditures for the village is under revision at the current time with further changes to be completed and implemented immediately. The requests for purchases of goods and materials are now submitted to the Mayor for consideration and approval. Upon approval of the Mayor, the request is forwarded to the Fiscal Officer to determine that there are sufficient funds in the line items that will be affected by the approved request. Having been determined that there are sufficient funds the Fiscal Officer signs off on the request. Upon completion of the 2 approvals, the request is numbered and considered as a purchase order. The purchase is then made. The invoice is received and matched with the request. The invoice and the request are given to the Administrator who then prepares a UAN purchase order which encumbers the line item until the check for the payment is written. The plan starting in January 2009 is to prepare blanket and super blanket certificates for such line items as recurring expenditures such as electricity, phone service, etc. Then and now certificates will be used when needed in the event of an invoice being received prior to the issuance of a purchase order.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been properly appropriated.

For 2007, all funds' expenditures exceeded appropriations due to Village Council not passing an appropriation ordinance for 2007. The table below reflects the amounts by which expenditures exceeded appropriations:

<b>Fund</b>	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
General	\$0	\$739,872	(\$739,872)
<b>Special Revenue Funds</b>			
Street Construction, Maintenance & Repair	0	99,704	(99,704)
State Highway	0	5,861	(5,861)
Cemetery	0	7,548	(7,548)
Permissive MVL Tax	0	13,938	(13,938)
FEMA Grant	0	29,500	(29,500)
Fire & EMS Levy	0	33,588	(33,588)
Police Pension	0	9,190	(9,190)
Police Seizure	0	780	(780)
Weeks Cemetery Perpetual Care	0	2,550	(2,550)
Computer	0	4,065	(4,065)
<b>Capital Projects Fund</b>			
Kirkwood Heights Sewer Project	0	1,205,510	(1,205,510)

<b>Fund</b>	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
<b>Enterprise Funds</b>			
Water Operating	\$0	\$706,629	(\$706,629)
Sewer Operating	0	30,069	(30,069)
Parking	0	878	(878)
Enterprise Debt Service	0	5,102	(5,102)

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-003  
(Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)**

As of December 31, 2006, the following funds reflected expenditures which exceeded appropriations:

<b>Fund</b>	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
General	\$620,738	\$725,633	(\$104,895)
<b>Special Revenue Funds</b>			
Street Construction, Maintenance & Repair	88,000	94,652	(6,652)
State Highway	15,000	20,873	(5,873)
Cemetery	8,000	10,821	(2,821)
FEMA Grant	2,000	356,737	(354,737)
<b>Enterprise Funds</b>			
Water Operating	718,000	803,161	(85,161)
Sewer Operating	5,000	60,903	(55,903)
Parking	8,000	9,782	(1,782)

The Village's failure to limit expenditures to the amounts appropriated could result in deficit spending.

We recommend Village Council and the Fiscal Officer compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, Village Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

**Officials' Response:**

The appropriation ordinance for the calendar year 2007 was not approved until after the beginning of the calendar year 2008 which is an admitted error. The presentation of the appropriation ordinance will be made and acted upon by Council prior to the beginning of the year for which the appropriations pertain.

The Village will compare the actual expenditures with appropriations on a regular monthly basis. The need for additional appropriations during the year will be presented to Council and they will be provided with sufficient evidence that the funds for such additional appropriations are available.

**FINDING NUMBER 2007-004**

**Material Weakness**

Ohio Admin. Code Section 117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.



**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-004  
(Continued)**

**Material Weakness (Continued)**

The Ohio Village Officer's Handbook (revised March 2008) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

During 2007 and 2006, the Village did not always post receipts/expenditures to the accurate receipt/expenditure classifications, based upon the source of the receipt/purpose of disbursement.

In 2007, the Village posted:

- Local government monies received from the County Auditor totaling \$12,000 to "Special Items" instead of "Intergovernmental" within the General Fund.
- Deregulation monies received from the County Auditor in the amount of \$5,032 to "Property and Local Taxes" instead of "Intergovernmental" within the General Fund.
- County permissive motor vehicle license tax monies in the amount of \$14,768 to "Fines, Licenses and Permits" instead of "Intergovernmental" within the Permissive Motor Vehicle License Tax Fund.

In 2006, the Village posted:

- Local government monies received from the County Auditor totaling \$12,000 to "Special Items" instead of "Intergovernmental" within the General Fund.
- County permissive motor vehicle license tax monies in the amount of \$5,359 to "Fines, Licenses and Permits" instead of "Intergovernmental" within the Permissive Motor Vehicle License Tax Fund.
- Interest payments made on the Village's mortgage revenue bonds to "Redemption of Principal" from the Water Operating Fund in the amount of \$32,850 instead of "Interest and Other Fiscal Charges".

A lack of management oversight resulted in incorrect account classifications.

The Village adjusted the accompanying financial statements to reflect all items noted in the preceding paragraphs.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2007-004  
(Continued)**

**Material Weakness (Continued)**

Also, the Village bills certain water utility customers on behalf of the Belmont County Sanitary Sewer District. The collections are held in a separate checking account until disbursed to Belmont County. This activity has not previously been recorded on the accounting records or financial statements as an agency fund as Village officials never made us aware of this checking account.

The amounts adjusted by Village officials on the accompanying financial statements and accounting records are reflected below:

	2007	2006
Fund Cash Balance, January 1	\$21,030	\$18,848
Receipts	285,549	214,971
Expenditures	(280,533)	(212,789)
Fund Cash Balance, December 31	\$26,046	\$21,030

We recommend the Village utilize available authoritative resources to appropriately classify receipt/expenditure transactions.

**Officials' Response:**

The posting of receipts from all sources will be more closely monitored and efforts will be made to assure that the entries are posted to the proper fund and proper line item.

The system of collections by the Village Water Department for County sanitary sewer customers and the remittances of these collections to the District has already been changed. The collections will be deposited into the general checking account for the Village and credited to an agency fund. These funds will then be paid to the Sewer District by village check from the general account.

**FINDING NUMBER 2007-005**

**Noncompliance Citation/Material Weakness**

Ohio Rev. Code Section 5705.40 states that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

Ohio Rev. Code Section 5705.36(A)(3) allows all subdivisions to request an increased amended certificate of estimated resources upon a determination by the fiscal officer that revenue to be collected will be greater than the amount included in the official certificate. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2007-005  
(Continued)**

**Noncompliance Citation/Material Weakness (Continued)**

Furthermore, the Auditor of State provided, through Auditor of State Bulletins 2000-008 and 2002-004, the recommended accounting treatment for on behalf of grants and loans including Ohio Public Works Commission (OPWC) funding.

During 2007, the Village did not record OPWC grant and loan transactions on their accounting records or financial statements in the amount of \$400,000 and \$228,026, respectively. The Fiscal Officer did not record the subsequent expenditure of these monies on the accounting records or financial statements, nor did the Fiscal Officer amend estimated revenues for the OPWC monies received in 2007. The Village Council did not amend appropriations for the project funded through the OPWC monies.

The Village adjusted the accompanying financial statements to reflect the OPWC activity noted in the preceding paragraph.

We recommend the Village refer to Auditor of State Bulletins 2000-008 and 2002-004 and follow the recommended accounting treatment for all OPWC funding expended directly to contractors on behalf of the Village, as well as proceeds of OPWC loans. We further recommend the Village follow the budgetary scheme of Chapter 5705 of the Revised Code and monitor appropriations, amending them as appropriate to record these funds.

**Officials' Response:**

It is understood by the Village that any future project funding proceeds that are paid directly from the funding source to the contractor(s) must be recorded as revenue into and expenditures out of the Village system and the necessary amended certificate(s) are to be obtained from the Budget Commission before any expenditure may be made of the excess funds.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**VILLAGE OF BRIDGEPORT  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315(b)  
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2004-1	Village did not properly implement various internal controls for its water, sewer and garbage utility receipt cycle.	Yes	N/A.
2004-2 / 2005-1	Village did not properly implement various internal controls for its payroll disbursement cycle.	Yes	N/A.
2004-3 / 2005-2	Village did not properly reconcile its depository accounts in a timely manner.	Yes	N/A.
2004-4 / 2005-3	Village did not properly implement various internal controls for its general receipts cycle.	No	Not Corrected; Repeated as Finding No. 2007-004.
2005-4	Purchase orders certifying the availability of funds for expenditures are not generated until after invoices are paid.	No	Not Corrected; Repeated as Finding No. 2007-002.
2004-5 / 2005-5	Only one signature is required on all checks.	No	Not Corrected; however, we feel the sole signature of the Fiscal Officer is sufficient as Village Council approves all expenditures.
2004-6 / 2005-6	Village did not properly implement various internal controls for its disbursement cycle.	Yes	N/A.
2004-7	Village did not have an indirect cost allocation plan for fund charges.	No	Not Corrected; Repeated as Finding No. 2007-001.
2004-8 / 2005-7	Village did not have an official policies and procedures manual for accounting purposes.	No	Not corrected; however, we feel it is unnecessary as the Village now utilizes the Uniform Accounting Network (UAN) accounting system.
2004-9 / 2005-8	Village did not issue Form 1099's to those required.	Yes	N/A.
2005-9	Village supplemental appropriation ordinances were not signed, followed, or recorded.	No	Matter was corrected in 2006; however, no appropriation ordinance was passed in 2007 per Finding No. 2007-003.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF BRIDGEPORT**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 6, 2009**