

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**



**SEACHRIST, KENNON & MARLING, A.C.
CERTIFIED PUBLIC ACCOUNTANTS**



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Brookside, Belmont County, prepared by Seachrist Kennon & Marling, A. C., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 19, 2010

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Brookside, Belmont County, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Comptroller General of the United States' Government Auditing Standards. Those standards require that we plan and perform the audits 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. We believe that our audits provide 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 accounting principles generally accepted in the United States of America, 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 require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Brookside, Belmont County, as of December 31, 2009 and 2008 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village has not presented Management's Discussion and Analysis, which accounting principals 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 June 28, 2010, 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 the 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 audits.

Seachrist, Kennon & Mailing, A.C.
Wheeling, West Virginia
June 28, 2010

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property tax and other local taxes	\$ 41,816	\$ 19,755	\$ -	\$ 61,571
Intergovernmental receipts	50,762	55,554	42,700	149,016
Charges for services	9,251	200	3,750	13,201
Fines, licenses, and permits	3,330	30	-	3,360
Earnings on investments	952	293	-	1,245
Restricted receipts	-	-	-	-
Miscellaneous	2,478	20,720	150	23,348
Total Cash Receipts	<u>108,589</u>	<u>96,552</u>	<u>46,600</u>	<u>251,741</u>
Cash Disbursements				
Current				
Security of persons and property	29,918	46,114	-	76,032
Public health services	3,925	-	-	3,925
Leisure time activities	2,408	-	-	2,408
Community environments	-	-	-	-
Basic utility services	5,191	-	-	5,191
Transportation	9,991	13,492	-	23,483
General government	48,547	280	-	48,827
Debt Service				
Principal payments	5,756	-	-	5,756
Interest payments	341	-	-	341
Capital Outlay	-	11,322	223,841	235,163
Total Cash Disbursements	<u>106,077</u>	<u>71,208</u>	<u>223,841</u>	<u>401,126</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>2,512</u>	<u>25,344</u>	<u>(177,241)</u>	<u>(149,385)</u>
Other Financing Receipts (Disbursements)				
Sale of bonds or notes	-	-	-	-
Transfers in	-	-	69,500	69,500
Transfers out	(69,500)	-	-	(69,500)
Advances in	-	-	-	-
Advances out	-	-	-	-
Other debt proceeds	-	-	131,251	131,251
Other financing uses	-	-	-	-
Total Other Financing Receipts (Disbursements)	<u>(69,500)</u>	<u>-</u>	<u>200,751</u>	<u>131,251</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash (Disbursements) and Other Financing Receipts (Disbursements)	(66,988)	25,344	23,510	(18,134)
Fund Cash Balances, January 1, 2009	<u>124,537</u>	<u>83,961</u>	<u>14,279</u>	<u>222,777</u>
Fund Cash Balances, December 31, 2009	<u>\$ 57,549</u>	<u>\$ 109,305</u>	<u>\$ 37,789</u>	<u>\$ 204,643</u>

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for services	\$ 3,110
Total Operating Cash Receipts	3,110
Operating Cash Disbursements	
Contractual services	2,324
Total Operating Cash Disbursements	2,324
Non-Operating Receipts/Disbursements	
Capital outlay	(1,618)
Total Non-Operating Receipts/Disbursements	(1,618)
Excess of Cash Receipts Over/(Under) Cash Disbursements	(832)
Fund Cash Balance, January 1, 2009	15,294
Fund Cash Balance, December 31, 2009	\$ 14,462

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property tax and other local taxes	\$ 45,544	\$ 19,996	\$ -	\$ 65,540
Intergovernmental receipts	57,396	44,243	-	101,639
Charges for services	14,899	200	-	15,099
Fines, licenses, and permits	3,197	30	-	3,227
Earnings on investments	1,828	323	-	2,151
Restricted receipts	-	-	-	-
Miscellaneous	3,934	9,677	-	13,611
Miscellaneous non-operating	-	-	-	-
Total Cash Receipts	<u>126,798</u>	<u>74,469</u>	<u>-</u>	<u>201,267</u>
Cash Disbursements				
Current				
Security of persons and property	28,846	34,161	-	63,007
Public health services	4,054	-	-	4,054
Leisure time activities	2,901	-	-	2,901
Community environments	-	-	-	-
Basic utility services	759	-	-	759
Transportation	15,672	15,624	-	31,296
General government	60,295	484	-	60,779
Debt Service				
Principal payments	11,190	-	-	11,190
Interest payments	666	-	-	666
Capital Outlay	5,690	10,159	19,868	35,717
Total Cash Disbursements	<u>130,073</u>	<u>60,428</u>	<u>19,868</u>	<u>210,369</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>(3,275)</u>	<u>14,041</u>	<u>(19,868)</u>	<u>(9,102)</u>
Other Financing Receipts (Disbursements)				
Sale of bonds or notes	5,757	-	-	5,757
Transfers in	-	-	15,000	15,000
Transfers out	(15,000)	-	-	(15,000)
Advances in	-	-	-	-
Advances out	-	-	-	-
Ohio debt proceeds	-	-	12,149	12,149
Other financing uses	-	-	-	-
Total Other Financing Receipts (Disbursements)	<u>(9,243)</u>	<u>-</u>	<u>27,149</u>	<u>17,906</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash (Disbursements) and Other Financing Receipts (Disbursements)	(12,518)	14,041	7,281	8,804
Fund Cash Balances, January 1, 2008	<u>137,055</u>	<u>69,920</u>	<u>6,998</u>	<u>213,973</u>
Fund Cash Balances, December 31, 2008	<u>\$ 124,537</u>	<u>\$ 83,961</u>	<u>\$ 14,279</u>	<u>\$ 222,777</u>

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

**VILLAGE OF BROOKSIDE
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for services	\$ 3,137
Total Operating Cash Receipts	3,137
Operating Cash Disbursements	
Contractual services	286
Total Operating Cash Disbursements	286
Excess of Cash Receipts Over/(Under) Cash Disbursements	2,851
Fund Cash Balance, January 1, 2008	12,443
Fund Cash Balance, December 31, 2008	\$ 15,294

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

VILLAGE OF BROOKSIDE, BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

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 water and sewer utilities, maintenance of Village streets, park operations, and fire and emergency medical services. The Village contracts with the Village of Bridgeport to provide police protection services. The Village is involved with the East Ohio Regional Wastewater Authority, Bel-O-Mar Regional Council and Eastern Ohio Regional Transit Authority which are defined as jointly governed organizations. Additional information concerning the jointly governed organization is presented in Note 8.

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

BASIS OF ACCOUNTING

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

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

CASH

Investments are reported as assets. Purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts and disbursements.

Certificates of deposit are valued at cost.

VILLAGE OF BROOKSIDE, BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Government Fund Types:

General Fund – The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

Fire Levy Fund – This fund receives property tax revenues and proceeds from fire contracts to provide fire protection to Village residents.

Proprietary Fund Types:

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

Water Operating Fund – This fund receives charges for services from residents and Belmont County to cover the cost of providing and maintaining water and sewer lines.

**VILLAGE OF BROOKSIDE, BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

BUDGETARY PROCESS

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

Appropriations – Budgetary expenditures 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.

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

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

A summary of the 2009 and 2008 budgetary activity appears in Note 3.

PLANT, PROPERTY 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.

NOTE 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:

	<u>2009</u>	<u>2008</u>
Demand deposits	\$ 211,889	\$ 198,034
Certificates of deposit	<u>7,216</u>	<u>40,037</u>
Total Deposits	<u>\$ 219,105</u>	<u>\$ 238,071</u>

Deposits are either insured by the Federal Deposits Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

VILLAGE OF BROOKSIDE, BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

Fund Type	2009 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 240,739	\$ 108,589	\$ (132,150)
Special Revenue	158,861	96,552	(62,309)
Enterprise	17,793	3,110	(14,683)
Capital Projects	318,931	247,351	(71,580)
	<u>\$ 736,324</u>	<u>\$ 455,602</u>	<u>\$ (280,722)</u>

Fund Type	2009 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$ 240,454	\$ 175,577	\$ 64,877
Special Revenue	158,581	71,208	87,373
Enterprise	17,700	3,942	13,758
Capital Projects	318,931	223,841	95,090
	<u>\$ 735,666</u>	<u>\$ 474,568</u>	<u>\$ 261,098</u>

Fund Type	2008 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 257,814	\$ 132,555	\$ (125,259)
Special Revenue	148,229	74,469	(73,760)
Enterprise	14,942	3,137	(11,805)
Capital Projects	60,599	27,149	(33,450)
	<u>\$ 481,584</u>	<u>\$ 237,310</u>	<u>\$ (244,274)</u>

Fund Type	2008 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$ 257,520	\$ 145,073	\$ 112,447
Special Revenue	144,298	60,428	83,870
Enterprise	14,900	286	14,614
Capital Projects	7,599	19,868	(12,269)
	<u>\$ 424,317</u>	<u>\$ 225,655</u>	<u>\$ 198,662</u>

Contrary to Ohio law:

- Expenditures exceeded appropriations
- Appropriations exceeded estimated resources

**VILLAGE OF BROOKSIDE, BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

NOTE 5 – DEBT

Debt outstanding at December 31, 2009 and 2008 was as follows:

	Principal <u>2009</u>	Principal <u>2008</u>	Interest <u>Rate</u>
General obligation note – real property	<u>\$ -0-</u>	<u>\$ 5,757</u>	5.85%
Total	<u>\$ -0-</u>	<u>\$ 5,757</u>	

The real property general obligation note was issued for the purchase of two tracts of real property located in Brookside. The debt will be repaid from general operating revenue and is backed by the full faith and credit of the Village and has a maturity of one year or less.

VILLAGE OF BROOKSIDE, BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 6 – RETIREMENT SYSTEMS

The Village's officials and part-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008 OPERS members contributed 10% and 10%, respectively, of their wages. The Village contributed an amount equal to 14% and 14%, respectively, of participants' gross salaries for 2009 and 2008. The Village has paid all contributions required through December 31, 2009.

NOTE 7 – RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

NOTE 8 – JOINTLY GOVERNED ORGANIZATION

Eastern Ohio Regional Wastewater Authority is established by Ohio Rev. Code Section 6119, serving the municipalities of Bellaire, Brookside, Bridgeport and Martins Ferry. The Authority is operated by a four member Board of Trustees. One member of the Board is appointed by the Mayor of Brookside. The Authority is not dependent on the Village of Brookside for its continued existence and the Village does not maintain an equity interest. The Village does not make any monetary contributions to the Authority.

Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by each local government within Belmont County. The Mayor of the Village of Brookside serves as the Village's representative on the Board and a Councilman serves as the Village's alternate. The Council is not dependent upon the Village of Brookside for its continued existence, no debt exists and the Village does not maintain an equity interest. Bel-O-Mar Regional Council received \$-0- and \$213 in 2009 and 2008 respectively in annual fees.

VILLAGE OF BROOKSIDE, BELMONT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 8 – JOINTLY GOVERNED ORGANIZATIONS – (Continued)

Eastern Ohio Regional Transit Authority was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the state. The Authority is operated by a board of directors that is appointed by the nine Mayors of the municipalities served by the Authority. The Authority is not dependent on the Village of Brookside for its continued existence and the Village does not maintain an equity interest. The Authority has no outstanding debt for which the Village of Brookside is responsible.

NOTE 9 - TRANSFERS

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16 during the years ending December 31, 2009 and 2008.

NOTE 10 - CONTINGENT LIABILITIES / SUBSEQUENT EVENTS

Management believes there are no filed lawsuits or claims against the Village.

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

The Village has evaluated subsequent events through June 28, 2010, the date which the financial statements were available to be issued.

NOTE 11 – CONSTRUCTION COMMITMENTS

The Village entered into a construction contract during the fiscal year ended December 31, 2008 for improvements to the water lines. As of December 31, 2009, the Village had outstanding construction contracts totaling \$100,100 that will be financed with a zero percentage interest 30 year loan from the Ohio Public Works Commission (OPWC).

SEACHRIST, KENNON & MARLING, A.C.

CERTIFIED PUBLIC ACCOUNTANTS * BUSINESS CONSULTANTS

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

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

To the Village Council:

We have audited the financial statements of the Village of Brookside, Belmont County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 28, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principals generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village's internal control over financial reporting. Accordingly, we do not express an opinion 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. Finding 2009-07 and 2009-08.


Compliance and Other Matters

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 grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items Finding 2009-01 thru 2009-06.

We noted certain other matters that we reported to management of the Village of Brookside in a separate letter dated June 28, 2010.

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Wheeling, West Virginia
June 28, 2010

**VILLAGE OF BROOKSIDE, BELMONT COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDING NUMBER 2009-01

Noncompliance Citation

Ohio Rev. Code Section 5707.34 requires each taxing authority to pass an ordinance or resolution to authorize the necessary tax levies. The authority is to certify the levies to the county auditor before October 1st, unless a later date is approved by the tax commissioner.

The Village did not certify the 2009 and 2008 tax levy to the county auditor until October 13, 2008 and October 12, 2009, respectively.

We recommend that the Village certify the necessary tax levies to the county auditor prior to October 1st.

Official's Response: We did not receive a response from Officials to the finding.

FINDING NUMBER 2009-02

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. 5705.36(A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue.

During the year ending December 31, 2009 and 2008 the Village's actual resources were less than appropriations in several funds.

We recommend that Village Fiscal Officer monitor budgeted and actual revenues throughout the year and amend its certificate of estimated resources accordingly.

Officials' Response: We did not receive a response from Officials to the finding.

**VILLAGE OF BROOKSIDE, BELMONT COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDING NUMBER 2009-03

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

During the year ended December 31, 2009, total appropriations exceeded total estimated resources in the special revenue fund.

When appropriations exceed estimated resources, the Village may spend more than what is available. We recommend that the Village develop internal control procedures to monitor appropriations and estimated resources and file amendments as needed with the County Auditor to ensure that total appropriations from each fund do not exceed the total official estimated or amended official estimate as certified by the County Budget Commission.

Officials' Response: We did not receive a response from Officials to the finding.

FINDING NUMBER 2009-04

Noncompliance Citation

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

As of December 31, 2008 expenditures exceeded appropriations in the capital fund.

The Village's failure to limit expenditures to the amounts appropriated could result in deficit spending. We recommend that the Village Council and Village Clerk compare expenditures to appropriations on a monthly basis. If appropriations to those already adopted will be needed, Village Council should take the steps necessary to adopt additional appropriations to prevent expenditures from exceeding appropriations.

Officials' Response: We did not receive a response from Officials to the finding.

**VILLAGE OF BROOKSIDE, BELMONT COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDING NUMBER 2009-05

Noncompliance Citation

Ohio Admin. Code Sections 117-2-02(D) and (E) requires all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

Capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Fixed assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

We recommend that the Village keep records of significant capital assets owned sufficient to manage their operations.

Officials' Response: We did not receive a response from Officials to the finding.

FINDING NUMBER 2009-06

Noncompliance Citation

Ohio Rev. Code Section 153.13 states in part that From the date the contract is fifty percent complete, as evidenced by payments in the amount of at least fifty percent of the contract to the person with whom the owner has contracted, except in the case of contracts the total cost of which is less than fifteen thousand dollars, all funds retained pursuant to sections 153.12 and 153.14 of the Revised Code for the faithful performance of work shall be deposited in the escrow account designated in section 153.63 of the Revised Code.

As evidenced by examination of the November 2009 OPWC Disbursement Form and Certification completed by the project manager, the Village obtained completion in excess of fifty percent. However as of December 31, 2009 the Village had not deposited the funds retained into a designated account.

We recommend that the Village establish and escrow account and deposit the require retainage funds. When the major portion of a project is substantially completed or in use, or otherwise accepted, and there exists no other reason to withhold retainage, the retainage percentage held in connection with such portion should be released from escrow and paid to the contractor, withholding only the amount necessary to assure completion.

Officials' Response: We did not receive a response from Officials to the finding.

**VILLAGE OF BROOKSIDE, BELMONT COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDING NUMBER 2009-07

Significant Deficiency/Material Weakness - Segregation of Duties

During our examination we noted a lack of segregation of duties in the area of cash receipts and cash disbursements. A lack of segregation of duties occurs when a single individual initiates, authorizes, records, process, reconciles and reports on an individual transaction class. The Village clerk handles all financial record keeping and is the only authorized signatory on all checks. Lack of segregation of duties may lead to misstatement of the Village's financial statements.

We recommend that the Village adopt a written policy that requires two signatures on all checks. The second signature should be an individual that serves on the Village council. Additionally, all documents supporting and authorizing the expenditure should be presented with the check to the second signatory.

Officials' Response: We did not receive a response from Officials to the finding.

FINDING 2009-08

Significant Deficiency/Material Weakness - Adjustments

The Village has adjustments that were identified during the course of the audit. These errors and omissions were not prevented or detected by the Village's internal controls over financial reporting.

The accompanying financial statements were adjusted to reflect a correction of these misstatements. The Village should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported in accordance with the accounting basis the Village follows.

Officials' Response: We did not receive a response from Officials to the finding.

**VILLAGE OF BROOKSIDE, BELMONT COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected	Not corrected, Partially Corrected, Significantly Difference Corrective Action Taken, or Finding no Longer Valid
2007-01	Ohio Rev. Code Section 5705.36 certification of available revenue	Yes	N/A
2007-02	Ohio Rev. Code 5705.36(A)(2) amended certificate of estimated resources	No	Not corrected, reissue as finding 2009-02
2007-03	Ohio Rev. Code 5705.36(A)(2) estimated receipts in excess of actual receipts	No	Not corrected, reissue as finding 2009-02
2007-04	Ohio Rev. Code 5705.39 appropriations limited by estimated resources	No	Not corrected, reissue as finding 2009-03
2007-05	Ohio Rev. Code 5705.40 amending appropriations	Yes	N/A
2007-06	Ohio Rev. Code 5705.41(b) restrictions on appropriations	No	Not corrected, reissue as finding 2009-04
2007-07	Lack of segregation of duties	No	Not corrected, reissue as finding 2009-07
2007-08	Material misstatement	No	Not corrected, reissue as finding 2009-08

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Mary Taylor, CPA
Auditor of State

VILLAGE OF BROOKSIDE

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 7, 2010**