

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2000 and 1999

SONJA KEATON, FINANCE DIRECTOR



STATE OF OHIO
OFFICE OF THE AUDITOR

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Mayor and Members of Council
Municipality of Brookville
301 Sycamore Street
Brookville, Ohio 45309

We have reviewed the Independent Auditor's Report of the Municipality of Brookville, Montgomery County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

June 29, 2001

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**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

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Independent Auditor's Report

Members of Council and Mayor
Municipality of Brookville
301 Sycamore Street
Brookville, Ohio 45309

We have audited the accompanying financial statements of the Municipality of Brookville, Montgomery County, Ohio, as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Municipality of Brookville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Municipality of Brookville prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Municipality of Brookville, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2001, on our consideration of the Municipality of Brookville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
June 7, 2001

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2000 AND 1999

| <u>Cash and Investments:</u> | <u>2000</u> | <u>1999</u> |
|---------------------------------|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 1,656,048 | \$ 1,360,002 |
| Investments | <u>759,191</u> | <u>714,028</u> |
| Total Cash and Investments | <u>\$ 2,415,239</u> | <u>\$ 2,074,030</u> |
| | | |
| <u>Fund Balances:</u> | | |
| <u>Governmental Fund Types:</u> | | |
| General Fund | \$ 1,235,695 | \$ 995,568 |
| Special Revenue Funds | 147,245 | 113,498 |
| Capital Projects Funds | <u>596,549</u> | <u>540,021</u> |
| Total Governmental Fund Types | <u>1,979,489</u> | <u>1,649,087</u> |
| | | |
| <u>Proprietary Fund Type:</u> | | |
| Enterprise Funds | <u>434,564</u> | <u>413,014</u> |
| | | |
| <u>Fiduciary Fund Type:</u> | | |
| Expendable Trust Funds | <u>1,186</u> | <u>11,929</u> |
| Total Fund Balances | <u>\$ 2,415,239</u> | <u>\$ 2,074,030</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

| | Governmental Fund Types | | | Fiduciary Fund Type | Total (Memorandum Only) |
|--|-------------------------|--------------------|---------------------|------------------------|-------------------------------|
| | General | Special Revenue | Capital Projects | Expendable Trust | |
| Cash receipts: | | | | | |
| Local taxes | \$ 2,131,014 | \$ 27,506 | \$ - | \$ - | \$ 2,158,520 |
| Intergovernmental | 378,171 | 176,850 | - | - | 555,021 |
| Special assessments | - | - | 25,386 | - | 25,386 |
| Charges for services | 190,371 | 50,743 | 48,642 | - | 289,756 |
| Fines, licenses, and permits | 49,936 | - | - | - | 49,936 |
| Interest | - | 89 | 102,460 | - | 102,549 |
| Donations and contributions | - | 6,250 | 9,803 | 6,181 | 22,234 |
| Miscellaneous | 16,410 | - | - | - | 16,410 |
| Total cash receipts | <u>2,765,902</u> | <u>261,438</u> | <u>186,291</u> | <u>6,181</u> | <u>3,219,812</u> |
| Cash disbursements: | | | | | |
| Current: | | | | | |
| Security of persons and property | 1,273,619 | - | - | - | 1,273,619 |
| Leisure time activities | - | 81,698 | - | - | 81,698 |
| Transportation | - | 361,843 | - | - | 361,843 |
| General government | 407,337 | - | - | - | 407,337 |
| Capital outlay | 54,819 | 93,223 | 681,207 | - | 829,249 |
| Total cash disbursements | <u>1,735,775</u> | <u>536,764</u> | <u>681,207</u> | <u>-</u> | <u>2,953,746</u> |
| Total cash receipts over/(under) cash disbursements | <u>1,030,127</u> | <u>(275,326)</u> | <u>(494,916)</u> | <u>6,181</u> | <u>266,066</u> |
| Other financing receipts/(disbursements): | | | | | |
| Sale of fixed assets | - | - | 51,444 | - | 51,444 |
| Operating transfers in | - | 240,000 | 500,000 | - | 740,000 |
| Operating transfers out | (790,000) | - | - | - | (790,000) |
| Other sources | - | 69,073 | - | - | 69,073 |
| Other uses | - | - | - | (16,924) | (16,924) |
| Total other financing receipts/(disbursements) | <u>(790,000)</u> | <u>309,073</u> | <u>551,444</u> | <u>(16,924)</u> | <u>53,593</u> |
| Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements | 240,127 | 33,747 | 56,528 | (10,743) | 319,659 |
| Cash fund balances, January 1, 2000 | <u>995,568</u> | <u>113,498</u> | <u>540,021</u> | <u>11,929</u> | <u>1,661,016</u> |
| Cash fund balances, December 31, 2000 | <u>\$ 1,235,695</u> | <u>\$ 147,245</u> | <u>\$ 596,549</u> | <u>\$ 1,186</u> | <u>\$ 1,980,675</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

| | Proprietary Fund Type |
|---|--------------------------|
| | Enterprise |
| Operating cash receipts: | |
| Charges for services | \$ 1,262,894 |
| Miscellaneous | 2,165 |
| Total operating cash receipts | 1,265,059 |
| Operating cash disbursements: | |
| Personal services | 360,428 |
| Contractual services | 707,776 |
| Supplies and materials | 20,913 |
| Capital outlay | 26,288 |
| Total operating cash disbursements | 1,115,405 |
| Operating income | 149,654 |
| Nonoperating cash (disbursements): | |
| Debt service: | |
| Principal | (122,597) |
| Interest | (55,507) |
| Total nonoperating cash (disbursements) | (178,104) |
| (Loss) before operating transfers | (28,450) |
| Transfers in | 50,000 |
| Net income | 21,550 |
| Cash fund balances, January 1, 2000 | 413,014 |
| Cash fund balances, December 31, 2000 | \$ 434,564 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2000

| Fund Types | Receipts | | | | | Disbursements | | | | | | |
|----------------------------|---|--------------|---------------------------------|-------------------------|--|---|------------------------|--------------|------------------------------|--|--------------|--|
| | County Certified Unencumbered Cash | Budget | Total Estimated Resources | Actual 2000 Receipts | Variance Favorable (Unfavorable) | Prior Year Carryover Appropriations | 2000 Appropriations | Total | Actual 2000 Disbursements | Encumbrances Outstanding at 12/31/00 | Total | Variance Favorable (Unfavorable) |
| Governmental: | | | | | | | | | | | | |
| General | \$ 995,214 | \$ 2,596,697 | \$ 3,591,911 | \$ 2,765,902 | \$ 169,205 | \$ 355 | \$ 2,676,000 | \$ 2,676,355 | \$ 2,525,775 | \$ - | \$ 2,525,775 | \$ 150,580 |
| Special Revenue | 107,720 | 550,000 | 657,720 | 570,511 | 20,511 | 5,777 | 626,000 | 631,777 | 536,764 | 4,150 | 540,914 | 90,863 |
| Capital Projects | 513,270 | 1,014,000 | 1,527,270 | 737,735 | (276,265) | 26,751 | 1,230,000 | 1,256,751 | 681,207 | 166,240 | 847,447 | 409,304 |
| Proprietary: | | | | | | | | | | | | |
| Enterprise | 409,986 | 1,330,000 | 1,739,986 | 1,315,059 | (14,941) | 3,028 | 1,496,000 | 1,499,028 | 1,293,509 | 1,213 | 1,294,722 | 204,306 |
| Fiduciary: | | | | | | | | | | | | |
| Expendable Trust | 11,929 | 60,000 | 71,929 | 6,181 | (53,819) | - | 70,000 | 70,000 | 16,924 | - | 16,924 | 53,076 |
| Total (Memorandum Only) | \$ 2,038,119 | \$ 5,550,697 | \$ 7,588,816 | \$ 5,395,388 | \$ (155,309) | \$ 35,911 | \$ 6,098,000 | \$ 6,133,911 | \$ 5,054,179 | \$ 171,603 | \$ 5,225,782 | \$ 908,129 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

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

| | Governmental Fund Types | | | Fiduciary Fund Type | Total (Memorandum Only) |
|--|-------------------------|--------------------|---------------------|------------------------|-------------------------------|
| | General | Special Revenue | Capital Projects | Expendable Trust | |
| Cash receipts: | | | | | |
| Local taxes | \$ 1,946,516 | \$ 26,865 | \$ - | \$ - | \$ 1,973,381 |
| Intergovernmental | 431,927 | 173,611 | 447,028 | - | 1,052,566 |
| Special assessments | - | - | 19,813 | - | 19,813 |
| Charges for services | 217,059 | 42,799 | 58,082 | - | 317,940 |
| Fines, licenses, and permits | 46,670 | - | - | - | 46,670 |
| Interest | - | 122 | 81,461 | - | 81,583 |
| Donations and contributions | 7,036 | 1,732 | 13,523 | 10,948 | 33,239 |
| Miscellaneous | 3,594 | - | - | - | 3,594 |
| Total cash receipts | <u>2,652,802</u> | <u>245,129</u> | <u>619,907</u> | <u>10,948</u> | <u>3,528,786</u> |
| Cash disbursements: | | | | | |
| Security of persons and property | 1,220,442 | - | - | - | 1,220,442 |
| Leisure time activities | - | 76,511 | - | - | 76,511 |
| Transportation | - | 347,427 | - | - | 347,427 |
| General government | 391,071 | - | - | - | 391,071 |
| Capital outlay | 86,930 | 91,515 | 912,079 | - | 1,090,524 |
| Total cash disbursements | <u>1,698,443</u> | <u>515,453</u> | <u>912,079</u> | <u>-</u> | <u>3,125,975</u> |
| Total cash receipts over/(under) cash disbursements | <u>954,359</u> | <u>(270,324)</u> | <u>(292,172)</u> | <u>10,948</u> | <u>402,811</u> |
| Other financing receipts/(disbursements): | | | | | |
| Sale of fixed assets | - | - | 17,562 | - | 17,562 |
| Operating transfers in | - | 240,000 | 500,000 | - | 740,000 |
| Operating transfers out | (840,000) | - | - | - | (840,000) |
| Other sources | - | 54,796 | - | - | 54,796 |
| Other uses | - | - | - | (1,974) | (1,974) |
| Total other financing receipts/(disbursements) | <u>(840,000)</u> | <u>294,796</u> | <u>517,562</u> | <u>(1,974)</u> | <u>(29,616)</u> |
| Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements | 114,359 | 24,472 | 225,390 | 8,974 | 373,195 |
| Cash fund balances, January 1, 1999 | <u>881,209</u> | <u>89,026</u> | <u>314,631</u> | <u>2,955</u> | <u>1,287,821</u> |
| Cash fund balances, December 31, 1999 | <u>\$ 995,568</u> | <u>\$ 113,498</u> | <u>\$ 540,021</u> | <u>\$ 11,929</u> | <u>\$ 1,661,016</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

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

| | Proprietary Fund Type |
|---|--------------------------|
| | Enterprise |
| Operating cash receipts: | |
| Charges for services | \$ 1,279,279 |
| Miscellaneous | 4,734 |
| Total operating cash receipts | 1,284,013 |
| Operating cash disbursements: | |
| Personal services | 337,854 |
| Contractual services | 711,161 |
| Supplies and material | 15,239 |
| Capital outlay | 21,481 |
| Total operating cash disbursements | 1,085,735 |
| Operating income | 198,278 |
| Nonoperating cash (disbursements): | |
| Debt service: | |
| Principal | (118,988) |
| Interest | (59,116) |
| Total nonoperating cash (disbursements) | (178,104) |
| Income before operating transfers | 20,174 |
| Transfers in | 100,000 |
| Net income | 120,174 |
| Cash fund balances, January 1, 1999 | 292,840 |
| Cash fund balances, December 31, 1999 | \$ 413,014 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

| Fund Types | Receipts | | | | | Disbursements | | | | | | |
|----------------------------|---|--------------|---------------------------------|-------------------------|--|---|------------------------|--------------|------------------------------|--|--------------|--|
| | County Certified Unencumbered Cash | Budget | Total Estimated Resources | Actual 1999 Receipts | Variance Favorable (Unfavorable) | Prior Year Carryover Appropriations | 1999 Appropriations | Total | Actual 1999 Disbursements | Encumbrances Outstanding at 12/31/99 | Total | Variance Favorable (Unfavorable) |
| Governmental: | | | | | | | | | | | | |
| General | \$ 828,160 | \$ 2,336,191 | \$ 3,164,351 | \$ 2,652,802 | \$ 316,611 | \$ 50,629 | \$ 2,592,000 | \$ 2,642,629 | \$ 2,538,443 | \$ 355 | \$ 2,538,798 | \$ 103,831 |
| Special Revenue | 63,404 | 538,000 | 601,404 | 539,925 | 1,925 | 22,636 | 584,000 | 606,636 | 515,453 | 5,777 | 521,230 | 85,406 |
| Debt Service | - | 1,000,000 | 1,000,000 | - | (1,000,000) | - | 1,000,000 | 1,000,000 | - | - | - | 1,000,000 |
| Capital Projects | 314,631 | 1,062,000 | 1,376,631 | 1,137,469 | 75,469 | - | 1,370,000 | 1,370,000 | 912,079 | 26,751 | 938,830 | 431,170 |
| Proprietary: | | | | | | | | | | | | |
| Enterprise | 268,054 | 1,330,000 | 1,598,054 | 1,384,013 | 54,013 | 24,787 | 1,398,000 | 1,422,787 | 1,263,839 | 3,028 | 1,266,867 | 155,920 |
| Fiduciary: | | | | | | | | | | | | |
| Expendable Trust | 2,955 | 60,000 | 62,955 | 10,948 | (49,052) | - | 60,000 | 60,000 | 1,974 | - | 1,974 | 58,026 |
| Total (Memorandum Only) | \$ 1,477,204 | \$ 6,326,191 | \$ 7,803,395 | \$ 5,725,157 | \$ (601,034) | \$ 98,052 | \$ 7,004,000 | \$ 7,102,052 | \$ 5,231,788 | \$ 35,911 | \$ 5,267,699 | \$ 1,834,353 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 1 - DESCRIPTION OF THE ENTITY

The Municipality of Brookville (the "Municipality") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Municipality operates under a council-mayor form of government and provides the following services: police protection, water and sewer utility services, street maintenance and repair, as well as other services.

Management believes the financial statements included in this report represent all of the funds of the Municipality over which the Municipality officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Municipality's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Municipality are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Municipality.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Municipality not required to be included in another fund. The general fund balance is available to the Municipality for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Municipality 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 Municipality streets.

Parks and Recreation Fund - This fund receives donations and fees to maintain the Park and provide funding for other recreational activities.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The municipality had the following significant capital projects funds:

Fire Capital Improvement Fund - This fund receives proceeds from fire contracts and donations to purchase fire equipment.

Other Capital Projects Fund - This fund receives special assessments to construct sidewalks and curbs and other general construction for the Municipality.

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 Municipality had the following significant enterprise funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Refuse Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Municipality to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Municipality is acting in an agency capacity are classified as agency funds. The Municipality had the following significant fiduciary fund:

Expendable Trust Fund - This fund is used to account for donations for the police department and for monies held in escrow to construct a fire lane.

B. BASIS OF ACCOUNTING

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimate resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund. Any budgetary modifications at this level may only be made by resolution of the Municipality's Council.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Municipality by September 1. As part of this certification, the Municipality receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Municipality determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission finds the revised estimate to be reasonable. Prior to December 31, the Municipality must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Municipality considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Municipality with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Municipality totaled \$102,549 and \$81,583 for the years ended December 31, 2000 and 1999, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Municipality's funds. Instead, capital acquisition and construction costs are recorded as expenditures in the fund in the year expended. The costs of normal maintenance and repairs, along with improvements, are also expended. Depreciation is not recorded.

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Municipality.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Municipality had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Municipality's cash basis method of accounting.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

The Municipality maintains all individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents" on the Statement of Fund Balances.

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Municipality into two categories:

Category 1 consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Municipality. Such funds must be maintained either as cash in the Municipality treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Inactive monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency, or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

The Municipality may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, Municipality, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Municipality.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the Municipality has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Municipality and must be purchased with the expectation that it will be held to maturity.

B. CASH AND INVESTMENTS

The Municipality 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>2000</u> | <u>1999</u> |
|--------------------------------|--------------------|--------------------|
| Deposits: | | |
| Demand deposits | \$ 206,048 | \$ 460,002 |
| Certificates of deposit | 1,450,000 | 900,000 |
| Investments: | | |
| STAR Ohio | <u>759,191</u> | <u>714,028</u> |
| Total deposits and investments | <u>\$2,415,239</u> | <u>\$2,074,030</u> |

The STAR Ohio balances above also represent the market value for December 31, 2000 and 1999, respectively.

C. DEPOSITS

For the years ended December 31, 2000 and 1999, the carrying amount of the Municipality's deposits were \$1,656,048 and \$1,360,002, respectively, and the bank balance was \$1,839,232 and \$1,424,231, respectively. Of the bank balance:

1. \$300,000 and \$300,000, respectively, was covered by federal depository insurance.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

2. \$1,539,232 and \$1,124,231, respectively, was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Municipality held to a successful claim by the FDIC.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designate public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

NOTE 4 - DEBT OBLIGATION

At December 31, 2000, debt obligation consisted of the following issuance:

| <u>Description:</u> | <u>Balance at December 31, 2000</u> |
|---|---|
| Ohio Water Development Authority Loan due in semiannual payments on January 1 and July 1, at a rate of 5%, through 2010 | \$ 686,215 |
| OPWC (Project CD417) - Water Tower due in semiannual payments on January 1 and July 1, at a rate of 5%, through 2014 | 367,520 |
| OPWC (Project CD007) - Wastewater Treatment Plant - Phase 1 due in semiannual payments on January 1 and July 1, interest-free, through 2018 | 747,140 |
| OPWC (Project CT216) - Wolfcreek Sanitary Trunk Main due in semiannual payments on January 1 and July 1, interest-free, through 2012 | <u>57,500</u> |
| Total debt obligation at December 31, 2000 | <u>\$1,858,375</u> |

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - DEBT OBLIGATION - (Continued)

| <u>2000:</u> | <u>Balance at December 31, 1999</u> | <u>Payments</u> | <u>Balance at December 31, 2000</u> |
|---|---|------------------|---|
| Ohio Water Development Authority Loan | \$ 741,447 | \$ 55,232 | \$ 686,215 |
| OPWC (Project CD417) - Water Tower | 387,191 | 19,671 | 367,520 |
| OPWC (Project CD007) - Wastewater Treatment Plant - Phase 1 | 789,834 | 42,694 | 747,140 |
| OPWC (Project CT216) - Wolfcreek Sanitary Trunk Main | <u>62,500</u> | <u>5,000</u> | <u>57,500</u> |
| Total Debt Obligations | <u>\$1,980,972</u> | <u>\$122,597</u> | <u>\$1,858,375</u> |
| | | | |
| <u>1999:</u> | <u>Balance at December 31, 1998</u> | <u>Payments</u> | <u>Balance at December 31, 1999</u> |
| Ohio Water Development Authority Loan | \$ 794,018 | \$ 52,571 | \$ 741,447 |
| OPWC (Project CD417) - Water Tower | 405,914 | 18,723 | 387,191 |
| OPWC (Project CD007) - Wastewater Treatment Plant - Phase 1 | 832,528 | 42,694 | 789,834 |
| OPWC (Project CT216) - Wolfcreek Sanitary Trunk Main | <u>67,500</u> | <u>5,000</u> | <u>62,500</u> |
| Total Debt Obligations | <u>\$2,099,960</u> | <u>\$118,988</u> | <u>\$1,980,972</u> |

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - DEBT OBLIGATION - (Continued)

The principal and interest requirements to retire the debt obligation outstanding at December 31, 2000, is as follows:

| Year Ending December 31, | OWDA Loan | | OWPC Loan CD417 | | OWPC Loan CD007 | | OWPC Loan CT216 | | Total | |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|-------------|-----------------|-------------|--------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2001 | \$ 58,028 | \$ 33,594 | \$ 20,667 | \$ 18,121 | \$ 42,694 | \$ - | \$ 5,000 | \$ - | \$ 126,389 | \$ 51,715 |
| 2002 | 60,966 | 30,657 | 21,712 | 17,074 | 42,694 | - | 5,000 | - | 130,372 | 47,731 |
| 2003 | 64,053 | 27,571 | 22,812 | 15,976 | 42,694 | - | 5,000 | - | 134,559 | 43,547 |
| 2004 | 67,295 | 24,327 | 23,966 | 14,820 | 42,694 | - | 5,000 | - | 138,955 | 39,147 |
| 2005 | 70,702 | 20,921 | 25,179 | 13,607 | 42,694 | - | 5,000 | - | 143,575 | 34,528 |
| 2006 - 2010 | 365,171 | 29,790 | 146,360 | 54,627 | 213,470 | - | 25,000 | - | 750,001 | 84,417 |
| 2011 - 2015 | - | - | 106,824 | 16,093 | 213,470 | - | 7,500 | - | 327,794 | 16,093 |
| 2016 - 2018 | - | - | - | - | 106,730 | - | - | - | 106,730 | - |
| Total | <u>\$686,215</u> | <u>\$166,860</u> | <u>\$367,520</u> | <u>\$150,318</u> | <u>\$747,140</u> | <u>\$ -</u> | <u>\$57,500</u> | <u>\$ -</u> | <u>\$1,858,375</u> | <u>\$317,178</u> |

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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

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 Municipality.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 1.75% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Municipality and to earnings of nonresidents (except certain transients) earned in the Municipality. It also applies to the net income of business organizations located within the Municipality. Tax receipts are accounted for in the General fund. The Municipality collected \$2,026,447 in 2000 and \$1,848,464 in 1999 in income tax receipts.

NOTE 7 - RETIREMENT SYSTEMS

The Municipality's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement 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 2000 and 1999, members of OP&F contribute 10% of their wages to the OP&F. The Municipality contributes an amount equal to 19.5% of their wages. PERS members contribute 8.5% of their gross salaries. The Municipality contributes an amount equal to 13.55% of participants' gross salaries. During 2000, PERS instituted a temporary employer contribution rollback which required the Municipality to contribute 10.84% of covered payroll. The Municipality has paid all contributions required through December 31, 2000 and 1999.

NOTE 8 - RISK MANAGEMENT

The Municipality has obtained commercial insurance for the following: Property, Liability, Automobile Liability, Employee Dishonesty, Theft, all with various deductibles.

The Municipality also provides health, dental, and vision insurance to full-time employees through a private carrier.

NOTE 9- CONTINGENT LIABILITY

LITIGATION

The Municipality is currently not involved in litigation that the Municipality's legal counsel anticipates a loss.

**MUNICIPALITY OF BROOKVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 10- SUBSEQUENT EVENT

The Municipality of Brookville was incorporated as a City on April 29, 2001.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
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Worthington, Ohio 43085

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

Members of Council and Mayor
Municipality of Brookville
301 Sycamore Street
Brookville, Ohio 45309

We have audited the financial statements of the Municipality of Brookville, Ohio, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 7, 2001. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Municipality of Brookville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance that we have reported to the management of the Municipality of Brookville in a separate letter dated June 7, 2001.

Members of Council and Mayor
Municipality of Brookville, Montgomery County

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality of Brookville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the Municipality in a separate letter dated June 7, 2001.

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

Trimble, Julian & Grube, Inc.
June 7, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF BROOKVILLE

MONTGOMERY 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
JULY 24, 2001**