

**VILLAGE OF BROOKSIDE  
BELMONT COUNTY**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**



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





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Brookside  
875 National Rd.  
Bridgeport, OH 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, 2006 through December 31, 2007. 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

October 27, 2008

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# **SEACHRIST, KENNON & MARLING, A.C.**

CERTIFIED PUBLIC ACCOUNTANTS \* BUSINESS CONSULTANTS

Craig K. Seachrist, CPA, CVA  
Diana L. Kennon, CPA, CVA  
Ronnie L. Marling, CPA, CFE  
James M. Riley, CPA  
Julie A. Kerns, CPA  
Chantelle S. Parrish, CPA

**Wheeling Office**  
21 Waddles Run Road  
Wheeling, WV 26003  
Telephone: (304) 233-0141  
Fax: (304) 233-1226  
E-mail: [cpa@skmcpa.com](mailto:cpa@skmcpa.com)

[www.skmcpa.com](http://www.skmcpa.com)

**Ohio Office**  
46210 Country Lake Drive  
St. Clairsville, OH 43950

## **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 Government) 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 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, 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, 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, 2007 and 2006 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 September 30, 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 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 E. Mauling, A.C.*  
Wheeling, West Virginia  
September 30, 2008



**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, 2007**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts</b>			
Property tax and other local taxes	\$ 42,156	\$ 19,803	\$ 61,959
Intergovernmental receipts	57,944	36,254	94,198
Charges for services	15,667	200	15,867
Fines, licenses, and permits	3,751	70	3,821
Earnings on investments	3,579	892	4,471
Restricted receipts	-	56,803	56,803
Miscellaneous	50	4,004	4,054
Total Cash Receipts	123,147	118,026	241,173
<b>Cash Disbursements</b>			
Current			
Security of persons and property	28,083	53,520	81,603
Public health services	3,885	-	3,885
Leisure time activities	1,638	-	1,638
Community environments	-	-	-
Basic utility services	366	-	366
Transportation	15,764	16,036	31,800
General government	49,857	2,041	51,898
Debt Service			
Principal payments	16,321	-	16,321
Interest payments	968	-	968
Capital Outlay	5,659	29,898	35,557
Total Cash Disbursements	122,541	101,495	224,036
Total Cash Receipts Over (Under) Cash Disbursements	606	16,531	17,137
<b>Other Financing Receipts (Disbursements)</b>			
Sale of bonds or notes	11,190	-	11,190
Transfers in	-	-	-
Transfers out	-	-	-
Other financing uses	-	-	-
Total Other Financing Receipts (Disbursements)	11,190	-	11,190
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash (Disbursements) and Other Financing Receipts (Disbursements)	11,796	16,531	28,327
Fund Cash Balances, January 1	131,858	53,788	185,646
Fund Cash Balances, December 31	\$ 143,654	\$ 70,319	\$ 213,973

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 BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for services	\$ 1,882
Total Operating Cash Receipts	1,882
<b>Operating Cash Disbursements</b>	
Contractual services	2,358
Total Operating Cash Disbursements	2,358
Operating Income (Loss)	(476)
Fund Cash Balance, January 1	12,919
Fund Cash Balance, December 31	\$ 12,443

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, 2006**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts</b>			
Property tax and other local taxes	\$ 40,069	\$ 22,605	\$ 62,674
Intergovernmental receipts	59,449	32,445	91,894
Charges for services	13,227	611	13,838
Fines, licenses, and permits	4,344	100	4,444
Earnings on investments	2,784	771	3,555
Restricted receipts	-	28,240	28,240
Miscellaneous	593	5,396	5,989
Miscellaneous non-operating	-	16,200	16,200
Total Cash Receipts	120,466	106,368	226,834
<b>Cash Disbursements</b>			
Current			
Security of persons and property	27,321	60,352	87,673
Public health services	3,735	-	3,735
Leisure time activities	2,228	-	2,228
Community environments	-	-	-
Basic utility services	819	-	819
Transportation	13,169	10,487	23,656
General government	56,071	-	56,071
Debt Service			
Principal payments	21,164	-	21,164
Interest payments	1,255	-	1,255
Capital Outlay	3,377	13,964	17,341
Total Cash Disbursements	129,139	84,803	213,942
Total Cash Receipts Over (Under) Cash Disbursements	(8,673)	21,565	12,892
<b>Other Financing Receipts (Disbursements)</b>			
Sale of bonds or notes	16,321	-	16,321
Transfers in	4,481	3,529	8,010
Transfers out	-	(8,010)	(8,010)
Advances in	13,964	13,964	27,928
Advances out	(13,964)	(13,964)	(27,928)
Other financing uses	-	-	-
Total Other Financing Receipts (Disbursements)	20,802	(4,481)	16,321
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash (Disbursements) and Other Financing Receipts (Disbursements)	12,129	17,084	29,213
Fund Cash Balances, January 1	119,729	36,704	156,433
Fund Cash Balances, December 31	\$ 131,858	\$ 53,788	\$ 185,646

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 BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for services	\$ 928
Total Operating Cash Receipts	928
<b>Operating Cash Disbursements</b>	
Contractual services	259
Total Operating Cash Disbursements	259
Operating Income	669
Fund Cash Balance, January 1	12,250
Fund Cash Balance, December 31	\$ 12,919

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

**VILLAGE OF BROOKSIDE, BELMONT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**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, 2007 AND 2006**

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, 2007 AND 2006**

**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 2007 and 2006 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>2007</u>	<u>2006</u>
Demand deposits	\$ 187,576	\$ 160,984
Certificates of deposit	<u>38,840</u>	<u>37,581</u>
Total Deposits	<u>\$ 226,416</u>	<u>\$ 198,565</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, 2007 AND 2006**

**NOTE 3 - BUDGETARY ACTIVITY**

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

Fund Type	2007 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 114,021	\$ 134,337	\$ 20,316
Special Revenue	55,076	118,026	62,950
Enterprise	2,500	1,882	(618)
Capital Projects	-	-	-
	<u>\$ 171,597</u>	<u>\$ 254,245</u>	<u>\$ 82,648</u>

Fund Type	2007 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$ 259,830	\$ 122,541	\$ 137,289
Special Revenue	110,640	101,495	9,145
Enterprise	15,000	2,358	12,642
Capital Projects	6,568	-	6,568
	<u>\$ 392,038</u>	<u>\$ 226,394</u>	<u>\$ 165,644</u>

Fund Type	2006 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 141,800	\$ 155,232	\$ 13,432
Special Revenue	57,745	123,861	66,116
Enterprise	2,500	928	(1,572)
Capital Projects	101	-	(101)
	<u>\$ 202,146</u>	<u>\$ 280,021</u>	<u>\$ 77,875</u>

Fund Type	2006 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$ 254,139	\$ 143,103	\$ 111,036
Special Revenue	88,875	106,777	(17,902)
Enterprise	14,000	259	13,741
Capital Projects	6,568	-	6,568
	<u>\$ 363,582</u>	<u>\$ 250,139</u>	<u>\$ 113,443</u>

Contrary to Ohio law:

- Expenditures exceeded appropriations
- Appropriations exceeded estimated resources
- Actual receipts exceeded estimated receipts



**VILLAGE OF BROOKSIDE, BELMONT COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 AND 2006**

**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, 2007 and 2006 was as follows:

	Principal <u>2007</u>	Principal <u>2006</u>	Interest <u>Rate</u>
General obligation note – real property	\$ <u>11,190</u>	\$ <u>16,321</u>	5.85%
Total	\$ <u>11,190</u>	\$ <u>16,321</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, 2007 AND 2006**

**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 2007 and 2006 OPERS members contributed 9.5% and 9%, respectively, of their wages. The Village contributed an amount equal to 13.85% and 13.70%, respectively, of participants' gross salaries for 2007 and 2006. The Village has paid all contributions required through December 31, 2007.

**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 \$213 and \$213 in 2007 and 2006 respectively in annual fees.

**VILLAGE OF BROOKSIDE, BELMONT COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**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 year ending December 31, 2006.

**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.

# **SEACHRIST, KENNON & MARLING, A.C.**

CERTIFIED PUBLIC ACCOUNTANTS \* BUSINESS CONSULTANTS

Craig K. Seachrist, CPA, CVA  
Diana L. Kennon, CPA, CVA  
Ronnie L. Marling, CPA, CFE  
James M. Riley, CPA  
Julie A. Kerns, CPA  
Chantelle S. Parrish, CPA

**Wheeling Office**  
21 Waddles Run Road  
Wheeling, WV 26003  
Telephone: (304) 233-0141  
Fax: (304) 233-1226  
E-mail: [cpa@skmcpa.com](mailto:cpa@skmcpa.com)

[www.skmcpa.com](http://www.skmcpa.com)

**Ohio Office**  
46210 Country Lake Drive  
St. Clairsville, OH 43950

## **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, 2007 and 2006, and have issued our report thereon dated September 30, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles 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 the Comptroller General of the United States' Government Auditing Standards.

### 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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion 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 of 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.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting 2007-07 and 2007-08.

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.

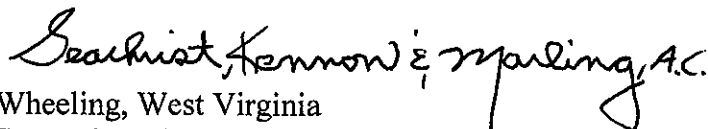
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-07 and 2007-08 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated September 30, 2008

#### Compliance and Other Matters

As part of obtaining reasonable assurance about 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 such 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 item 2007-01 through 2007-06.

This report is intended solely for the information and use of management and Village Council and is not intended for anyone other than these specified parties.



Wheeling, West Virginia  
September 30, 2008

**VILLAGE OF BROOKSIDE, BELMONT COUNTY  
SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

**FINDING NUMBER 2007-01**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.36 requires the fiscal officer of the Village to certify to the county auditor the total amount from all sources available for expenditures for each fund in the tax balance along with any unencumbered balances existing at the end of the preceding year on or about the first day of each fiscal year.

The 2007 certificate showing the total amount from all sources which was available for expenditures and the balances existing at the end of the preceding year was not certified to the county auditor until September 4, 2007.

We recommend that the Village certify to the county auditor the total amount from all sources available for expenditures for each fund in the tax balance along with any unencumbered balances existing at the end of the preceding year on or about the first day of each fiscal year.

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

**FINDING NUMBER 2007-02**

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, 2007 and 2006 the Village had actual receipts in excess of the estimated receipts on the amended certificate of estimated resources in the general and special revenue funds.

We recommend that Village Fiscal Officer amend the certificate of estimated resources when the Village intends to appropriate the additional estimated resources.

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

**VILLAGE OF BROOKSIDE, BELMONT COUNTY  
SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

**FINDING NUMBER 2007-03**

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)(4) requires obtaining a reduced amended certificate from the budget commission if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Village had estimated receipts greater than actual receipts in several funds to an extent by which the shortage of actual compared to estimated receipts could reduce the total estimated resources to an amount lower than the appropriations. The funds were:

2007 - Enterprise fund

2006 - Enterprise fund and capital projects fund

We recommend the Village request a reduced amended certificate of estimated resources when it is known that actual receipts will be less than the estimated receipts and the deficiency will reduce estimated resources below the amount of appropriations.

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

**FINDING NUMBER 2007-04**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund shall not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor's certificate that total appropriation from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During the year ended December 31, 2007, total appropriations exceeded total estimated resources at year-end as follows:

2007 - General, special revenue and capital projects fund

**VILLAGE OF BROOKSIDE, BELMONT COUNTY  
SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

**FINDING NUMBER 2007-04 (Continued)**

2006 - Capital projects 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 2007-05**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.40 provides that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation.

For the year ending December 31, 2006 the Village had total expenditures exceeding total appropriations in the special revenue fund. By not timely and properly modifying the Village's appropriations, the Village is not adequately monitoring the expenditures versus appropriations. This may result in appropriating monies in excess of estimated resources and having expenditures exceed appropriations.

We recommend that the Village comply with the Ohio Revised Code by amending appropriations throughout the year.

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

**FINDING NUMBER 2007-06**

**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, 2006 expenditures exceeded appropriations in the special revenue fund.



**VILLAGE OF BROOKSIDE, BELMONT COUNTY  
SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

**FINDING 2007-06 (Continued)**

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.

**FINDING NUMBER 2007-07**

**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.

**FINDING 2007-08**

**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.

**VILLAGE OF BROOKSIDE, BELMONT COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Not corrected, Partially Corrected, Significantly Difference Corrective Action Taken, or Finding no Longer Valid</b>
2005-001	Ohio Rev. Code Sections 5705.34 did not certify tax levies to county auditor before October 1 <sup>st</sup>	Yes	N/A
2005-002	Ohio Rev. Code 5705.39 total appropriations exceeded estimated total resources	No	Not corrected, reissue as finding 2007-04
2005-003	Ohio Rev. Code 5705.40 amended appropriations were not approved by resolution or ordinance	No	Not corrected, reissue as finding 2007-05



**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  
NOVEMBER 6, 2008**