



Dave Yost • Auditor of State



VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

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# Dave Yost • Auditor of State

Village of Bloomingdale  
Jefferson County  
PO Box 59  
Bloomingdale, Ohio 43910

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Dave Yost**  
Auditor of State

June 14, 2013

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Bloomingdale  
PO Box 59  
Bloomingdale, Ohio 43910

To the Village Council:

We have audited the accompanying financial statements of the Village of Bloomingdale, Jefferson County, (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the 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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position 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 as of December 31, 2011 and 2010 and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 14, 2013



**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$3,213	\$2,374			\$5,587
Intergovernmental	20,372	9,239		100,966	130,577
Charges for Services	8,200				8,200
Fines, Licenses and Permits	815				815
Earnings on Investments	2				2
Miscellaneous	6,690				6,690
<i>Total Cash Receipts</i>	<u>39,292</u>	<u>11,613</u>		<u>100,966</u>	<u>151,871</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	8,400	1,500			9,900
Public Health Services	642				642
Leisure Time Activities	9,497				9,497
Basic Utility Services	600				600
Transportation		17,081			17,081
General Government	5,977				5,977
Capital Outlay				100,966	100,966
Debt Service:					
Interest and Fiscal Charges	1,200				1,200
<i>Total Cash Disbursements</i>	<u>26,316</u>	<u>18,581</u>		<u>100,966</u>	<u>145,863</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,976</u>	<u>(6,968)</u>			<u>6,008</u>
<i>Fund Cash Balances, January 1</i>	<u>12,478</u>	<u>26,372</u>	<u>(\$3,489)</u>	<u>\$313</u>	<u>35,674</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		19,404		313	19,717
Unassigned (Deficit)	25,454		(3,489)		21,965
<i>Fund Cash Balances, December 31</i>	<u>\$25,454</u>	<u>\$19,404</u>	<u>(\$3,489)</u>	<u>\$313</u>	<u>\$41,682</u>

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

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$2,364	\$1,734			\$4,098
Intergovernmental	37,432	9,493			46,925
Fines, Licenses and Permits	1,977				1,977
Earnings on Investments	2				2
Miscellaneous	33,606				33,606
Total Cash Receipts	75,381	11,227			86,608
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	7,908	650			8,558
Public Health Services	2,564				2,564
Leisure Time Activities	6,096				6,096
Community Environment	316				316
Basic Utility Service	600	226			826
Transportation		8,046			8,046
General Government	10,350	2,000			12,350
Debt Service:					
Interest and Fiscal Charges	800				800
Capital Outlay	32,592				32,592
Total Cash Disbursements	61,226	10,922			72,148
Total Receipts Over/(Under) Disbursements	14,155	305			14,460
Fund Cash Balances, January 1	(1,677)	26,067	(\$3,489)	\$313	21,214
<b>Fund Cash Balances, December 31</b>	<b>\$12,478</b>	<b>\$26,372</b>	<b>(\$3,489)</b>	<b>\$313</b>	<b>\$35,674</b>

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

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bloomingdale, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general Village, park operations, and police services. The Village contracts with the Bloomingdale Volunteer Fire Department to receive fire protection services.

The Village participates in the Public Entities Pool of Ohio. Note 7 to the financial statements provide additional information for this entity. This organization is:

Public Entities Pool of Ohio:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local Villages. PEP provides property and casualty coverage for its members.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Debt Service Fund – This fund was used to pay principal and interest on a note held by the Village. An unused fund balance remains.

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Issue II Capital Project Fund – This fund was used for the repaving of Village streets.

Storm Water Construction Fund - This fund was used for the construction of storm sewers within the Village. An unused fund balance remains in the fund.

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other Villages which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other Villages. The Village disburses these funds as directed by the individual, organization or other Village. The Village's Agency Fund accounts for Mayor's Court activity. An unused fund balance remains in the fund.

**D. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

E. Fund Balance

At December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its Governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other Villages; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other Governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED DEPOSITS**

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

	2011	2010
Demand deposits	\$41,682	\$35,674

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$39,292	\$39,292
Special Revenue		11,613	11,613
Capital Projects		100,966	100,966
Total	\$0	\$151,871	\$151,871

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$26,316	(\$26,316)
Special Revenue		18,581	(18,581)
Capital Projects		100,966	(100,966)
Total	\$0	\$145,863	(\$145,863)

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,713	\$75,381	(\$10,332)
Special Revenue	7,274	11,227	3,953
Total	\$92,987	\$86,608	(\$6,379)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$61,226	(\$61,226)
Special Revenue		10,922	(10,922)
Total	\$0	\$72,148	(\$72,148)

Contrary to Ohio Revised Code Section 5705.38, the Village did not adopt appropriations for 2011 or 2010. Ohio Revised Code provides in part, that no appropriation measure would be effective without a certificate from the County Auditor. As no appropriation measure was adopted, all expenditures for all funds exceeded appropriations, which is contrary to Ohio Revised Code Section 5705.41(B). Also, contrary to Ohio Revised Code Section 5705.36, in 2011, the Village did not certify to the county auditor the total amount from all sources available for expenditures for each fund set up in the tax budget for each fund created by or on behalf of the taxing authority.

**4. PROPERTY TAX**

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

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.

**5. DEBT**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan # 2958	12,122	6.72%
Ohio Water Development Authority Loan # 2959	101,137	6.36%
Ohio Water Development Authority Loan # 2960	11,970	6.49%
Total	\$125,229	

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loans were for the planning and engineering phase of a wastewater project that was mandated by the Ohio Environmental Protection Agency. The amount reported above as principal includes a capitalized interest portion, the original principal portion of the loans totaled \$106,744. Repayments were to have begun in January, 2000, but the Village did not make any payments until October, 2002. At that time, the Village agreed to pay OWDA \$100 per month until such time as other payment terms can be arranged. Future user fees were used to collateralize the loan, however, the project was not completed and to date, there are no user fees. See Note 8.

**6. RETIREMENT SYSTEM**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**7. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local Villages. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member Villages pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Village.



**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. RISK MANAGEMENT – (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member Villages in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Village's share of these unpaid claims collectible in future years is approximately \$4,070.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$4,376	\$4,475

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**8. SUBSEQUENT EVENTS**

The Village of Bloomingdale had accepted 3 loans from Ohio Water Development Authority (OWDA) in the amount of \$106,744 to complete the planning and design phase of a wastewater facility that was to be constructed in the Village. The Village had anticipated using the new revenue source from user fees to repay the debt, which was to begin on January 1, 2000. The wastewater facility was not constructed and the Village has outstanding debt without an adequate revenue source for its repayment. The Village has renegotiated the terms of the debt with OWDA. The first renegotiated payment schedule dated October 1, 2002 was not adequate to repay the debt, as interest was accruing at a rate which exceeded the payment amount and the unpaid interest was being capitalized. The second renegotiated agreement February 1, 2004 provides that the Village will maintain the same level of payments and OWDA will freeze the interest so that interest will no longer accrue on the outstanding debt.

The Village's current financial condition does not provide the Village with the ability to repay the debt using General Fund money in the monthly amounts required by the original repayment schedule, which OWDA had established. The Village has requested a revised payment schedule which would allow them to repay \$100 per month. At the current rate of repayment, the Village will not repay the debt per the agreement. For the current debt, the Village is in contact with OWDA to provide the means for repayment.



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Bloomingdale  
PO Box 59  
Bloomingdale, Ohio 43910

To the Village Council:

We have audited the financial statements of Village of Bloomingdale, Jefferson County (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 14, 2013 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. In addition, we noted the Village implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. 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 timely corrected. We consider finding 2011-04 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-01 through 2011-03.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 14, 2013.

We intend this report solely for the information and use of management, Council, and others within the Village. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 14, 2013

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010

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

FINDING NUMBER 2011-01

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(D)** provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the Clerk/Treasurer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's Clerk/Treasurer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the Clerk/Treasurer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Council if such expenditure is otherwise valid.

2. **Blanket Certificate** – Clerk/Treasurers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the Clerk/Treasurer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding at a particular time for any line item appropriation.

The Village Clerk/Treasurer did not certify the amount against the applicable appropriation accounts for 100% of the tested expenditures in fiscal year 2011 or 2010. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

**FINDING NUMBER 2011-01  
(Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Clerk/Treasurer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

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

**FINDING NUMBER 2011-02**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.38** states that on or about the first day of the fiscal year, the taxing authority of each subdivision or taxing unit shall pass an appropriation measure, and thereafter during the year, it may pass any supplemental appropriation measure as it finds necessary, based on the revised budget or the official certificate of estimated resources or amendments of the certificate. **Ohio Revised Code Section 5705.39** provides, in part, that no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimated or amended official certificate. As no appropriation measure was adopted, the Village did not receive a certificate from the county auditor. **Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not adopt an appropriation measure for 2011 or 2010 and expenditures are limited by the appropriations established for each fund; therefore, all expenditures made by the Village in 2011 (\$145,863) and in 2010 (\$72,148) were not in compliance with the Ohio Revised Code.

Failure to pass an appropriation measure, which serves as a tool by which expenditures can be monitored, could result in overspending. The Village should pass an appropriation measure as required so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to established appropriations for each fund.

**FINDING NUMBER 2011-03**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.36** states that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget from each fund created by or on behalf of the taxing authority. The amount certified shall include any unencumbered balances that existed at the end of the preceding year.

The Village did not file the above certificate for fiscal year 2011 with the county auditor as required.

Failure to file the certificate could result in appropriations exceeding the amounts of available resources, overspending and negative cash balances. The Village should certify to the county auditor the total amount from all sources available for expenditures from each fund in a timely manner.

**FINDING NUMBER 2009-04**

**Material Weakness**

**Posting Revenues and Disbursements**

The Village did not post all revenues and disbursements properly in 2011 and 2010, resulting in adjustments and reclassifications to the financial statements for 2011 and 2010. The Village fiscal officer has agreed to the adjustments and reclassifications and has posted the adjustments to the Village's accounting records. The corrected amounts are reflected in the accompanying financial statements.

**2011**

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Adjustments</b>			
Issue II Capital Project	Intergovernmental receipts	\$100,966	To record Issue II grant monies received on the Village's behalf.
Issue II Capital Project	Capital outlay	\$100,966	To record Issue II disbursements paid on the Village's behalf.
<b>Reclassification</b>			
Street Construction, Maintenance and Repair	Intergovernmental receipts	\$1,351	Misposted as local taxes receipts.

**2010**

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Reclassifications</b>			
General	Leisure time activity disbursements	\$5,000	Misposted as security of persons and property.
Street Construction, Maintenance and Repair	Intergovernmental Receipts	\$2,441	Misposted as local taxes receipts.

Failure to consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. Also, Auditor of State Audit Bulletin 2002-004 gives guidance on reporting on-half (Issue 2 funding) payments to governments. The Village Clerk/Treasurer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported. In addition, the Village should adopt procedures for the review of posting of transactions and subsequent posting to the financial statements.

**Officials' Response:**

We did not receive a response from officials to the findings reported above.

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**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Ohio Revised Code Section 5705.41(D) Disbursements were not properly certified.	No	Cited again as Finding Number 2011-01.
2009-002	Ohio Revised Code Sections 5705.38 and 5705.41(B) The Village did not adopt an appropriation measure for 2008 or 2009; therefore, disbursements exceeded appropriations in all funds.	No	Cited again as Finding Number 2011-02.
2009-003	Ohio Revised Code Section 5705.36 The Village did not file a certificate showing the total amount from all sources available for expenditures and the balances existing at the end of the year with the county auditor.	No	Cited again as Finding Number 2011-03.
2009-004	Proper classification of revenues and disbursements. Material adjustments were made to the financial statements.	No	Cited again as Finding Number 2011-04.

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# Dave Yost • Auditor of State

**VILLAGE OF BLOOMINGDALE**

**JEFFERSON 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  
AUGUST 8, 2013**