

VILLAGE OF BLOOMDALE
WOOD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA
Auditor of State

Village Council
Village of Bloomdale
102 Maple Street
P.O. Box 186
Bloomdale, Ohio 44817

We have reviewed the *Independent Auditors' Report* of the Village of Bloomdale, Wood County, prepared by Holbrook & Manter, 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 Auditors' 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 Auditors' 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 Bloomdale is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 2, 2008

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of Bloomdale
Wood County

We have audited the accompanying financial statements of the Village of Bloomdale, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 discussed in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State of Ohio 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 for 2007 and 2006, GAAP requires 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 the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio 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 for the years then ended.

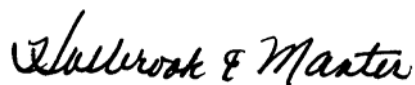
Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Bloomdale, Wood County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2008 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The image shows a handwritten signature in black ink that reads "Shulbrook & Manton". The script is cursive and elegant, with the ampersand being particularly stylized.

Certified Public Accountants

October 29, 2008

VILLAGE OF BLOOMDALE
WOOD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash receipts:-				
Property and other local taxes	\$ 34,403	\$ 0	\$ 0	\$ 34,403
Municipal income taxes	79,064	0	0	79,064
Intergovernmental	28,596	38,285	0	66,881
Charges for services	24,503	0	0	24,503
Fines, licenses, and permits	3,957	0	0	3,957
Earnings on investments	11,848	452	0	12,300
Miscellaneous	12,526	0	0	12,526
Total cash receipts	194,897	38,737	0	233,634
Cash disbursements:-				
Current:-				
Security of persons and property	60,993	0	0	60,993
Public health services	404	0	0	404
Leisure time activities	13,618	0	0	13,618
Transportation	0	33,339	0	33,339
General government	86,448	0	0	86,448
Capital outlay	0	0	44,694	44,694
Debt Service:-				
Redemption of principal	0	0	20,000	20,000
Interest	0	0	804	804
Total cash disbursements	161,463	33,339	65,498	260,300
Total receipts over (under) cash disbursements	33,434	5,398	(65,498)	(26,666)
Other financing receipts (disbursements):-				
Transfers-in	0	0	35,443	35,443
Transfers-out	(35,443)	0	0	(35,443)
Other financing sources	3,421	0	0	3,421
Total other financing receipts (disbursements)	(32,022)	0	35,443	3,421
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	1,412	5,398	(30,055)	(23,245)
Fund cash balances, January 1, 2007	50,283	90,264	47,550	188,097
Fund cash balances, December 31, 2007	\$ 51,695	\$ 95,662	\$ 17,495	\$ 164,852
Reserve for encumbrances, December 31, 2007	\$ 685	\$ 0	\$ 0	\$ 685

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

**VILLAGE OF BLOOMDALE
WOOD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:-			
Charges for services	\$ 856,654	\$ 27,229	\$ 883,883
Fines, license and permits	0	720	720
Earnings on investments	1,502	0	1,502
Miscellaneous	28,250	0	28,250
Total operating cash receipts	886,406	27,949	914,355
Operating Cash Disbursements:-			
Personal services	134,524	0	134,524
Contractual services	540,910	33,512	574,422
Supplies and materials	35,296	0	35,296
Capital outlay	42,519	0	42,519
Total operating cash disbursements	753,249	33,512	786,761
Operating income (loss)	133,157	(5,563)	127,594
Non-Operating Cash Receipts:-			
Sale of notes and bonds	0	0	0
Intergovernmental receipts	0	0	0
Other non-operating receipts	2,961	0	2,961
Total non-operating cash receipts	2,961	0	2,961
Non-Operating Cash Disbursements:-			
Redemption of principal	87,908	0	87,908
Interest	39,257	0	39,257
Other non-operating disbursements	2,968	0	2,968
Total non-operating cash disbursements	130,133	0	130,133
Net receipts over (under) disbursements	5,985	(5,563)	422
Fund cash balances, January 1, 2007	327,230	6,951	334,181
Fund cash balances, December 31, 2007	<u>\$ 333,215</u>	<u>\$ 1,388</u>	<u>\$ 334,603</u>
Reserve for encumbrances, December 31, 2007	<u>\$ 37,453</u>	<u>\$ 0</u>	<u>\$ 37,453</u>

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

VILLAGE OF BLOOMDALE
WOOD COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
 FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash receipts:-				
Property and other local taxes	\$ 33,154	\$ 0	\$ 0	\$ 33,154
Municipal income taxes	83,632	0	0	83,632
Intergovernmental	35,617	29,940	0	65,557
Charges for services	36,420	0	0	36,420
Fines, licenses, and permits	2,728	4,641	0	7,369
Earnings on investments	11,315	657	0	11,972
Miscellaneous	8,236	0	0	8,236
	<u>211,102</u>	<u>35,238</u>	<u>0</u>	<u>246,340</u>
Total cash receipts	211,102	35,238	0	246,340
Cash disbursements:-				
Current:-				
Security of persons and property	66,108	0	0	66,108
Public health services	351	0	0	351
Leisure time activities	10,558	0	0	10,558
Transportation	0	29,647	0	29,647
General government	91,559	0	0	91,559
Capital outlay	0	0	61,080	61,080
Debt Service:-				
Redemption of principal	20,000	0	0	20,000
Interest	1,458	0	0	1,458
	<u>190,034</u>	<u>29,647</u>	<u>61,080</u>	<u>280,761</u>
Total cash disbursements	190,034	29,647	61,080	280,761
Total receipts over (under) cash disbursements	21,068	5,591	(61,080)	(34,421)
Other financing receipts (disbursements):-				
Transfers-in	0	0	37,637	37,637
Transfers-out	(37,637)	0	0	(37,637)
Other financing sources	0	0	0	0
	<u>(37,637)</u>	<u>0</u>	<u>37,637</u>	<u>0</u>
Total other financing receipts (disbursements)	(37,637)	0	37,637	0
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(16,569)	5,591	(23,443)	(34,421)
Fund cash balances, January 1, 2006	66,852	84,673	70,993	222,518
Fund cash balances, December 31, 2006	\$ <u>50,283</u>	\$ <u>90,264</u>	\$ <u>47,550</u>	\$ <u>188,097</u>
Reserve for encumbrances, December 31, 2006	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

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

VILLAGE OF BLOOMDALE
WOOD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:-			
Charges for services	\$ 848,248	\$ 27,728	\$ 875,976
Fines, license and permits	0	792	792
Earnings on investments	1,540	0	1,540
Miscellaneous	3,045	0	3,045
Total operating cash receipts	<u>852,833</u>	<u>28,520</u>	<u>881,353</u>
Operating Cash Disbursements:-			
Personal services	99,812	0	99,812
Contractual services	721,836	34,159	755,995
Supplies and materials	49,432	0	49,432
Capital outlay	66,052	0	66,052
Total operating cash disbursements	<u>937,132</u>	<u>34,159</u>	<u>971,291</u>
Operating income (loss)	(84,299)	(5,639)	(89,938)
Non-Operating Cash Receipts:-			
Sale of notes and bonds	157,127	0	157,127
Intergovernmental receipts	12,574	0	12,574
Miscellaneous	15,000	0	15,000
Other non-operating receipts	3,326	0	3,326
Total non-operating cash receipts	<u>188,027</u>	<u>0</u>	<u>188,027</u>
Non-Operating Cash Disbursements:-			
Redemption of principal	81,783	0	81,783
Interest	45,365	0	45,365
Other non-operating disbursements	16,779	104	16,883
Total non-operating cash disbursements	<u>143,927</u>	<u>104</u>	<u>144,031</u>
Net receipts over (under) disbursements	(40,199)	(5,743)	(45,942)
Fund cash balances, January 1, 2006	<u>367,429</u>	<u>12,694</u>	<u>380,123</u>
Fund cash balances, December 31, 2006	<u>\$ 327,230</u>	<u>\$ 6,951</u>	<u>\$ 334,181</u>
Reserve for encumbrances, December 31, 2006	<u>\$ 39,218</u>	<u>\$ 0</u>	<u>\$ 39,218</u>

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

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** - The Village of Bloomdale, Wood County, Ohio, (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 electric, water and sewer utilities, park operations, police, fire, and emergency medical services. The Village appropriates general fund money to support a volunteer fire department and police department.

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

- 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).

- C. **Cash and Investments** - The Village maintains its cash deposits in an interest-bearing checking account and in certificate of deposits. Certificates of deposit are valued at cost.

- D. **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:

General Fund

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

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

State Highway Improvement Fund

This fund receives .075 percent of gasoline and motor vehicle tax money for maintaining and repairing State Route 18 thru the Village.

Permissive Tax

This fund is from motor vehicle license for constructing, maintaining and repairing Village streets.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund.

Capital Improvement Fund

This fund receives one half of the proceeds of a 1 percent municipal income tax. The proceeds are used for capital improvements, which have the life expectancy of 5 years or more from the time of purchase.

**VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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.

Electric Fund

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

Emergency Medical Service

This fund receives charges for service and contracts to provide this service. PSCO, Sandusky, Ohio does the billing for this fund.

Water System Improvement

This fund receives grant money and loan proceeds from the Ohio Water Development Authority to finance the plant improvements.

Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Refuse Fund

This fund accounts for contracted collections and remittance to a refuse collector.

E. Budgetary Process - The Ohio Revised Code requires that each fund be budgeted annually.

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. Unencumbered appropriations lapse at year-end.

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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

- F. **Property, Plant 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.
- G. **Accumulated Leave** - In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

NOTE 2 - EQUITY IN POOLED CASH:-

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2007 and 2006 was as follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$ 262,248	\$ 285,071
Certificates of deposit	<u>237,207</u>	<u>237,207</u>
Total deposits	<u>\$ 499,455</u>	<u>\$ 522,278</u>

Demand Deposits - The Village's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 229,976	\$ 198,318	\$ (31,658)
Special Revenue	34,151	38,737	4,586
Capital Projects	45,248	35,443	(9,805)
Proprietary	760,210	889,367	129,157
Fiduciary	<u>27,668</u>	<u>27,949</u>	<u>281</u>
Total	\$ <u>1,097,253</u>	\$ <u>1,189,814</u>	\$ <u>92,561</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 240,475	\$ 197,591	\$ 42,884
Special Revenue	124,389	33,339	91,050
Capital Projects	84,550	65,498	19,052
Proprietary	1,155,887	920,835	235,052
Fiduciary	<u>35,749</u>	<u>33,512</u>	<u>2,237</u>
Total	\$ <u>1,641,050</u>	\$ <u>1,250,775</u>	\$ <u>390,275</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2007 in the General fund by \$31,658 and in the Capital Projects fund by \$9,805.

Contrary to Ohio Revised Code 5705.36, for 2007 the Village did not amend the certification during the year for sources which were available for expenditures from each fund. Therefore, the appropriation measure adopted by the Village Council in accordance with Ohio Revised Code 5705.39 was not effective. In addition, this caused the appropriations to exceed actual resources available during 2007.

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3 - BUDGETARY ACTIVITY :- (continued)

Budgetary activity for the year ending December 31, 2006 was as follows:

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 276,394	\$ 211,102	\$ (65,292)
Special Revenue	34,525	35,238	713
Capital Projects	45,000	37,637	(7,363)
Proprietary	954,050	1,040,860	86,810
Fiduciary	<u>28,768</u>	<u>28,520</u>	<u>(248)</u>
Total	\$ <u>1,338,737</u>	\$ <u>1,353,357</u>	\$ <u>14,620</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 339,692	\$ 227,671	\$ 112,021
Special Revenue	119,198	29,647	89,551
Capital Projects	115,993	61,080	54,913
Proprietary	1,304,124	1,120,277	183,847
Fiduciary	<u>41,251</u>	<u>34,263</u>	<u>6,988</u>
Total	\$ <u>1,920,258</u>	\$ <u>1,472,938</u>	\$ <u>447,320</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2007 in the General fund by \$65,292, in the Capital Projects fund by \$7,363, and in the Fiduciary fund by \$248.

Contrary to Ohio Revised Code 5705.36, for 2006 the Village did not amend the certification during the year for sources which were available for expenditures from each fund. Therefore, the appropriation measure adopted by the Village Council in accordance with Ohio Revised Code 5705.39 was not effective. In addition, this caused the appropriations to exceed actual resources available during 2006.

**VILLAGE OF BLOOMDALE
WOOD 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 the 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 semi-annual payments, the first half must be postmarked by February 24. The second half payment is due by the following July 14.

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 - LOCAL INCOME TAX:-

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly, and file a declaration annually.

NOTE 6 - DEBT:-

Debt outstanding at December 31, 2007 was as follows:

	<u>Rate</u>	<u>Principal Balance 12/31/2007</u>
Ohio Water Development Authority Loan	7.84%	\$ 251,800
Ohio Water Development Authority Loan	2.00%	500,293
Ohio Public Works Commission	3.00%	103,124
Ohio Public Works Commission	0.00%	16,935
Key Bank Promissory Note	3.23%	10,000
		<u>\$ 882,152</u>

During 2003, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for sewer plant construction. The original amount of the loan was \$492,808. The loans will be repaid in semiannual installments of \$42,619, including interest over 20 years and has an interest rate of 7.84%. This loan was approved for the interest subsidy program on May 29, 2003 to benefit local governments with outstanding loans that bear interest higher than 7%. The loan was effectively reduced from 7.84% to 7%, with the portion above 7% being paid by OWDA. The Village will realize a savings from the interest subsidy of \$20,258 over the remaining life of the loan after May, 2003. As of December 31, 2007, the total outstanding balance was \$251,800.

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 6 - DEBT:- (continued)

During 2005, a water system improvement loan was entered into with the Ohio Water Development Authority and disbursements in the amount of \$373,025 were made from the loan during that period. During 2006, additional proceeds were received by the Village through disbursements from the loan in the amount of \$157,127. The loan was still considered open as of December 31, 2007, which would allow additional disbursements from the loan for the necessary improvements to be made or finalized in the near future. Total disbursements as of December 31, 2007 amounted to \$530,152. The loan repayments began during 2006 and will be repaid in annual installments over 30 years as set forth within the amortization schedule, which may be adjusted after the final disbursement is made and at the closure of the loan. As of December 31, 2007, the total outstanding balance on the loan was \$500,293.

During 1995, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) for waterline and water tower replacement. The original amount of the loan was \$218,701 and will be repaid in semiannual installments of \$7,253, including interest over the 19.5 years at a rate of 3.00%. As of December 31, 2007, the total outstanding balance on the loan was \$103,124.

During 2005, the Village entered into a second loan agreement with the Ohio Public Works Commission (OPWC) for water system improvements. The original amount of the loan was \$18,309 and has a 0% interest rate. The loan will be repaid in semiannual installment of \$458 beginning January 1, 2007. As of December 31, 2007, the total outstanding balance on the loan was \$16,935.

In March 2005, the Village entered into a promissory loan agreement with Key Bank for \$60,000 to purchase an International dump truck at an interest rate of 3.23%. The Village will repay principal and interest semi-annually each year, with the last principal installment due on April 30, 2008. The outstanding balance as of December 31, 2007 was \$10,000. During 2006 and prior to 2006, the Village paid the loan payment from the General Fund. During 2007 and for future payments, the loan will be paid out of the Capital Improvements Fund since the stipulations set forth by the Village for that fund is that the improvement must have a life expectancy of more than 5 years from the date of purchase.

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

<u>Year ending</u> <u>December 31,</u>	<u>OWDA Loans</u>		<u>OPWC Loans</u>		<u>Key Bank</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 82,679	\$ 23,372	\$ 12,433	\$ 2,989	\$ 10,000	\$ 163	\$ 105,112	\$ 26,524
2009	83,932	22,668	12,781	2,641	0	0	96,713	25,309
2010	89,738	17,456	13,140	2,282	0	0	102,878	19,738
2011	92,867	15,299	13,509	1,913	0	0	106,376	17,212
2012	14,122	8,805	13,889	1,533	0	0	28,011	10,338
2013 - 2017	75,005	39,634	45,900	2,195	0	0	120,905	41,829
2018 - 2022	82,886	31,753	4,577	0	0	0	87,463	31,753
2023 & thereafter	230,864	39,590	3,830	0	0	0	234,694	39,590
	<u>\$ 752,093</u>	<u>\$ 198,577</u>	<u>\$ 120,059</u>	<u>\$ 13,553</u>	<u>\$ 10,000</u>	<u>\$ 163</u>	<u>\$ 882,152</u>	<u>\$ 212,293</u>

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 7 - RETIREMENT SYSTEMS:-

The Village's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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, PERS members contributed 9.5% and 9.0% of their gross salaries, respectively. The Village contributed an amount equal to 13.85% and 13.70% of participants' gross salaries for 2007 and 2006, respectively. The Village has paid all contributions required through December 31, 2007.

NOTE 8 - RISK MANAGEMENT:-

The Village carries health insurance on employees through Medical Mutual of Ohio.

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per claim limit of \$2,000,000 (prior to January 1, 2006) or \$300,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006 APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

**VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 8 - RISK MANAGEMENT:- (continued)

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$ 37,560,071	\$ 36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$ 20,219,246</u>	<u>\$ 19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$51,469. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

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>	
2005	\$ 41,575
2006	41,866
2007	\$ 44,756

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. 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.



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Required by Government Auditing Standards**

Village Council
Village of Bloomdale
Wood County

We have audited the financial statements of the Village of Bloomdale, Wood County, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated October 29, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Bloomdale's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Bloomdale's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 deficiency described in the accompanying schedule of findings as item 2007-004 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

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

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated October 29, 2008.

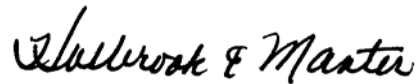
Compliance and Other Matters

As part of reasonably assuring whether the Village of Bloomdale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2007-001, 2007-002 and 2007-003.

We also noted certain noncompliance or other matters that we reported to the Government's management in a separate letter dated October 29, 2008.

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

This report is intended solely for the information and use of management, Board of Trustees, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

October 29, 2008

**VILLAGE OF BLOOMDALE
WOOD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2007-001
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Noncompliance Citation – Blanket and Super Blanket Certificates

Ohio Revised Code, Section 5705.41 (D), states that Clerks 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 (effective September 26, 2004) 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. In addition to regular "blanket" certificates, a subdivision's Clerk may also issue "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund 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 fiscal year. More than one "super blanket" certificate may be outstanding at one particular time for a particular line-item appropriation account.

During expenditure testing, we noted that only the Village Clerk is signing the purchase orders. Also, the Village does not establish the amount of "blanket" purchase orders through an ordinance or resolution. This compliance requirement is an important control tool that management can use to keep track of budgeted and actual expenditures. We recommend that the Village Council have a member of council sign the purchase orders, and also set the maximum amount of the "blanket" purchase orders per appropriation account.

Officials' Response

The Village will work on correcting the findings and improve internal and compliance controls to address the issue.

Finding Number	2007-002
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Noncompliance Citation – Amending Certificates of Estimated Resources

Ohio Revised Code, Section 5705.36, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the clerk that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During our compliance testing, we noted that the Village did not amend estimated resources as outlined above. We recommend that the clerk monitor estimated resources throughout the year and obtain amendments from the county budget commission as necessary.

Officials' Response

The clerk and village council will monitor estimated and actual receipts and amend them as needed.

**VILLAGE OF BLOOMDALE
WOOD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

Finding Number	2007-003
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Noncompliance Citation – Appropriations Exceeding Estimated Resources

Ohio Revised Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue as certified by the county budget commission. 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 estimate or amended official estimate. The Village's appropriations exceeded estimated resources as of December 31, 2007 and 2006, as outlined in Note 3 of the financial statements.

We recommend the Village Council and Clerk periodically review the Village's appropriations versus certified estimated resources to identify and investigate any variances and to help monitor legal compliance. The Village officials should ensure that the Village has properly prepared and submitted all required budgetary documents to the county auditor. Also, each time appropriations are adopted or amended, the Village should ensure the certificate of the County Auditor is received indicating appropriations do not exceed certified resources.

Officials' Response

When supplemental appropriations are approved by the Village Council the Clerk will submit the appropriate paperwork with the County Auditor.

Finding Number	2007-004
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Significant Deficiency - Internal Control and Review Procedures

Although the Council Members receive and review a select number of reports from the Clerk of the Village for approval on a monthly basis, the Village has not established formal procedures to reasonably assure completeness, and accuracy of the monthly reporting. During our testing and analysis, we noted that the Village Council is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The Village should carefully review this information and make appropriate inquiries to help determine the integrity of the financial information. When performing such review, the officials' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the officials' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Council each month.

Officials' Response

The Village's Clerk will consider providing additional reports including a list of checks monthly to the Council for their review and signatures.



Mary Taylor, CPA
Auditor of State

VILLAGE OF BLOOMDALE

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 16, 2008**