



**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Bloomingburg
Fayette County
62 Main Street
P. O. Box 186
Bloomingburg, Ohio 43106

To the Village Council:

We have audited the accompanying financial statements of the Village of Bloomingburg, Fayette County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

August 9, 2001

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$29,422	\$12,156	\$0	\$41,578
Intergovernmental Receipts	46,625	34,845	0	81,470
Fines, Licenses, and Permits	2,605	0	0	2,605
Earnings on Investments	1,502	0	0	1,502
Miscellaneous	4,836	881	0	5,717
	<u>84,990</u>	<u>47,882</u>	<u>0</u>	<u>132,872</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	22,690	48,276	0	70,966
Public Health Services	394	0	0	394
Leisure Time Activities	205	1,010	0	1,215
Community Environment	100	937	0	1,037
Basic Utility Services	10,138	7,912	0	18,050
Transportation	23	0	0	23
General Government	26,993	1,155	0	28,148
Capital Outlay	240	0	0	240
	<u>60,783</u>	<u>59,290</u>	<u>0</u>	<u>120,073</u>
Total Cash Disbursements	<u>60,783</u>	<u>59,290</u>	<u>0</u>	<u>120,073</u>
Total Receipts Over/(Under) Disbursements	<u>24,207</u>	<u>(11,408)</u>	<u>0</u>	<u>12,799</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	27,000	27,000
Advances-In	13,000	0	0	13,000
Advances-Out	(13,000)	0	0	(13,000)
	<u>0</u>	<u>0</u>	<u>27,000</u>	<u>27,000</u>
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>27,000</u>	<u>27,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	24,207	(11,408)	27,000	39,799
Fund Cash Balances January 1	<u>(21,839)</u>	<u>42,675</u>	<u>0</u>	<u>20,836</u>
Fund Cash Balances, December 31	<u>\$2,368</u>	<u>\$31,267</u>	<u>\$27,000</u>	<u>\$60,635</u>
Reserves for Encumbrances, December 31	<u>\$2,662</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,662</u>

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

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

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

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$178,574
Miscellaneous	<u>9,828</u>
Total Operating Cash Receipts	<u>188,402</u>
Operating Cash Disbursements:	
Personal Services	45,017
Contractual Services	84,970
Supplies and Materials	49,843
Capital Outlay	<u>525</u>
Total Operating Cash Disbursements	<u>180,355</u>
Operating Income/(Loss)	<u>8,047</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	1,872
Interest	<u>67</u>
Total Non-Operating Cash Receipts	<u>1,939</u>
Non-Operating Cash Disbursements:	
Debt Service	31,427
Other Non Operating	<u>1,901</u>
Total Non-Operating Cash Disbursements	<u>33,328</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(23,342)
Advances-In	13,000
Transfers-Out	(27,000)
Advances-Out	<u>(13,000)</u>
Net Receipts Over/(Under) Disbursements	(50,342)
Fund Cash Balances, January 1	<u>79,371</u>
Fund Cash Balances, December 31	<u><u>\$29,029</u></u>
Reserve for Encumbrances, December 31	<u><u>\$2,019</u></u>

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

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$26,262	\$13,130	\$0	\$0	\$39,392
Intergovernmental Receipts	39,217	27,554	0	124,703	191,474
Fines, Licenses, and Permits	1,976	0	0	0	1,976
Earnings on Investments	1,042	0	0	0	1,042
Miscellaneous	18,356	5,414	0	0	23,770
Total Cash Receipts	<u>86,853</u>	<u>46,098</u>	<u>0</u>	<u>124,703</u>	<u>257,654</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	16,318	8,341	0	0	24,659
Public Health Services	641	2,181	0	0	2,822
Leisure Time Activities	1,324	3,261	0	0	4,585
Community Environment	600	0	0	0	600
Transportation	0	23,298	0	0	23,298
General Government	97,348	0	0	0	97,348
Debt Service:					
Principal Payments	0	0	13,000	0	13,000
Interest Payments	0	0	17,400	0	17,400
Capital Outlay	0	0	0	127,730	127,730
Total Cash Disbursements	<u>116,231</u>	<u>37,081</u>	<u>30,400</u>	<u>127,730</u>	<u>311,442</u>
Total Receipts Over/(Under) Disbursements	<u>(29,378)</u>	<u>9,017</u>	<u>(30,400)</u>	<u>(3,027)</u>	<u>(53,788)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	30,400	3,027	33,427
Total Other Financing Receipts/(Disbursements)	0	0	30,400	3,027	33,427
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(29,378)</u>	<u>9,017</u>	<u>0</u>	<u>0</u>	<u>(20,361)</u>
Fund Cash Balances January 1	7,539	33,658	0	0	41,197
Fund Cash Balances, December 31	<u>(\$21,839)</u>	<u>\$42,675</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20,836</u>
Reserves for Encumbrances, December 31	<u>\$2,238</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,238</u>

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

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

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

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$151,570
Miscellaneous	<u>28,885</u>
Total Operating Cash Receipts	<u>180,455</u>
Operating Cash Disbursements:	
Personal Services	48,703
Contractual Services	43,157
Supplies and Materials	12,972
Capital Outlay	<u>10,435</u>
Total Operating Cash Disbursements	<u>115,267</u>
Operating Income/(Loss)	<u>65,188</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	
Interest	221
Other Non-Operating Receipts	<u>7,280</u>
Total Non-Operating Cash Receipts	<u>7,501</u>
Non-Operating Cash Disbursements:	
Other Non-Operating	<u>6,359</u>
Total Non-Operating Cash Disbursements	<u>6,359</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	66,330
Transfers-Out	<u>(33,427)</u>
Net Receipts Over/(Under) Disbursements	32,903
Fund Cash Balances January 1	<u>46,468</u>
Fund Cash Balances, December 31	<u><u>\$79,371</u></u>
Reserve for Encumbrances, December 31	<u><u>\$12,211</u></u>

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

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Bloomingburg, Fayette 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 general governmental services, including water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Fayette County Sheriff's Department to provide security of persons and property.

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).

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

C. Cash and Deposits

During fiscal years 2000 and 1999, the Village's funds were deposited in a checking account with a local commercial bank.

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:

1. 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.

2. Special Revenue Fund

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.

Fire Levy Fund -This fund receives proceeds of a special levy for maintaining and improvements to the Bloomingburg-Paint-Marion Joint Fire District for fire protection for the Village.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness.

4. Capital Project 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:

OPWC Fund - This fund receives money from Ohio Public Works Commission for a water treatment project.

5. 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 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.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 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.

2. Estimated Resources

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

3. 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. The Village did not use the encumbrance method of accounting.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

However, unrecorded encumbrances existed at December 31, 2000 and 1999 and have been included in the accompanying financial statements.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

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. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$ 89,664</u>	<u>\$100,207</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 144,845	\$ 97,990	\$ (46,855)
Special Revenue	55,650	47,882	(7,768)
Debt Service	30,100	27,000	(3,100)
Enterprise	149,000	203,341	54,341
Total	\$ 379,595	\$ 376,213	\$ (3,382)

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 84,165	\$ 76,445	\$ 7,720
Special Revenue	87,069	59,290	27,779
Debt Service	30,100	0	30,100
Enterprise	250,635	255,702	(5,067)
Total	<u>\$ 451,969</u>	<u>\$ 391,437</u>	<u>\$ 60,532</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 94,000	\$ 86,853	\$ (7,147)
Special Revenue	38,200	46,098	7,898
Debt Service	60,000	30,400	(29,600)
Capital Projects	30,000	127,730	97,730
Enterprise	165,000	187,956	22,956
Total	<u>\$ 387,200</u>	<u>\$ 479,037</u>	<u>\$ 91,837</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 101,539	\$ 118,469	\$ (16,930)
Special Revenue	71,858	37,081	34,777
Debt Service	60,000	30,400	29,600
Capital Projects	30,000	127,730	(97,730)
Enterprise	208,730	167,264	41,466
Total	<u>\$ 472,127</u>	<u>\$ 480,944</u>	<u>\$ (8,817)</u>

The Village did not obtain prior certification of the availability of funds by the fiscal officer for any purchases nor were any commitments encumbered as required by Ohio Law.

Contrary to Ohio law, appropriations exceeded estimated resources in the Water Fund during 2000.

Disbursements and encumbrances exceeded appropriations and carry over encumbrances during 1999 in the General Fund and the OPWC fund and during 2000 disbursements and encumbrances exceeded appropriations and carry over encumbrances in the Street fund, Water fund, and the Sewer fund, contrary to provisions of Ohio Revised Code.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Revenue Note	\$ 95,000	5%
Sewer Revenue Note	227,000	5%
Total	\$ 322,000	

The Water Revenue Note was established in 1976 at an original amount of \$150,000 at 5% interest and will expire in 2016. Annual payments, including interest and principal, are due in March of each year to GMAC Commercial Mortgage Company.

The Sewer Revenue Note was established in 1981 at an original cost of \$344,822 at 5% interest and is scheduled to expire in 2016. Annual payments are due in March of each year to include principal and interest. This note is payable to GMAC Commercial Mortgage Company.

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

<u>Year ending December 31:</u>	<u>Water Revenue Note</u>	<u>Sewer Revenue Note</u>
2001	\$ 8,750	\$ 21,350
2002	8,550	20,850
2003	8,350	21,350
2004	9,150	20,800
2005	8,900	21,250
Subsequent	96,700	229,200
Total	\$ 140,400	\$ 334,800

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

8. LEGAL COMPLIANCE

The General Fund had a negative fund balance at December 31, 1999 of \$21,839.15. During 1999, negative fund balances also existed in the State Highway and Debt Service Funds; and negative fund balances existed during FY 2000 in the General and Street Maintenance Funds.

The Village did not document all necessary payroll information on the Village books required by the Ohio Revised Code.

The Village did not maintain receipts and appropriation ledgers required by the Ohio Administrative Code.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village of Bloomingburg
Fayette County
62 Main Street
P. O. Box 186
Bloomingburg, Ohio 43106

To the Village Council:

We have audited the accompanying financial statements of the Village of Bloomingburg, Fayette County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 9, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30624-001, 2000-30624-002, 2000-30624-003, 2000-30624-005, 2000-30624-006, 2000-30624-007, 2000-30624-008, 2000-30624-009. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 9, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-30624-002, 2000-30624-003, 2000-30624-004, 2000-30624-005 and 2000-30624-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that

might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-30624-003, 2000-30624-005, and 2000-30624-006 to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 9, 2001.

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

Jim Petro
Auditor of State

August 9, 2001

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-30624-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.10, requires that money paid into any fund shall be used only for the purpose for which such fund is established.

As of December 31, 1999, the General Fund had a negative fund balance of \$21,839.15. We observed negative fund balances throughout 1999 in the State Highway and Debt Service Funds. Also, we observed negative fund balances during 2000 in the General and Street Maintenance Funds. These deficit balances indicate that cash from other funds were used to pay the obligations of these funds. We recommend the Village adopt procedures to properly monitor fund balances.

FINDING NUMBER 2000-30624-002

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 733.28, requires the village clerk-treasurer to keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived therefrom, and of all taxes and assessments.

The Village Clerk-Treasurer did not document all necessary information on the Village books. The following information was not completed and summarized on the payroll register for each pay period: hours worked, rate used in calculation of pay, the check number for the disbursement and the fund from which each employee was paid. We noted that Village employees also did not receive payroll detail with their checks which detailed the gross wages, deductions and net wages. Failure to maintain an effective information system reduces management's ability to make appropriate decisions in controlling the Village's activities and preparing financial reports.

We recommend that all pertinent payroll activity of the Village be recorded in the payroll subsidiary ledger. The payroll register should include hours worked, rate of pay, gross wages, deductions, net pay and a corresponding check number for each of the payroll disbursements. Village employees should receive payroll stubs outlining the gross pay, deductions and net pay. When maintained in a timely and accurate manner, these records should provide for an effective information system.

FINDING NUMBER 2000-30624-003

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 5705.41(D), prohibits a subdivision or taxing unit from making any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

**FINDING NUMBER 2000-30624-003
(Continued)**

This Section also provides two "exceptions" to the above requirements:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the 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.
2. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

All tested expenditures and obligations made by the Village were initiated without obtaining the prior certification of the Clerk/Treasurer, and neither of the exceptions provided above were used.

Effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. During our search for unrecorded liabilities, we found that the Village had not obtained purchase orders and encumbered for services provided at the end of each year audited. Failure to properly encumber resulted in overspending funds and negative cash fund balances. The Village should obtain purchase orders, which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment. The accompanying financial statements were adjusted to include unrecorded encumbrances existing at December 31, 2000 and 1999 in the General and Enterprise Funds.

FINDING NUMBER 2000-30624-004

Reportable Condition

During our review of minutes and non-payroll expenditure procedures, we noted the following weaknesses:

- Monthly financial reports were not presented to Council;
- The minutes did not include a list of bills approved for payment;
- There was no indication on the invoice that a review was performed to ensure that all items were received;
- Invoice amounts did not always match the amount of the check written;
- Invoices were not always attached to vouchers; and
- The Village's checks were only signed by the Village Clerk.

Without monthly financial reports and fund balances, it is impossible for Council to monitor Village business. The non-payroll expenditure procedure weaknesses resulted in unauthorized payments and over/underpayments.

To improve accountability over the non-payroll expenditures, the Village should:

- Require monthly financial reports be submitted to Council and this presentation should be documented in the minutes;
- Require that a list of bills approved for payment be documented in the minutes;

FINDING NUMBER 2000-30624-004
(Continued)

- Require that invoices be marked paid, signed or initialed, and dated at the time of payment; and invoices should be matched to the items received and provide evidence (i.e., initials and date) that everything was received before it was submitted for payment;
- Require that invoices and checks be compared for accuracy before being signed by the Clerk/Treasurer;
- Ensure that invoices are attached to vouchers as supporting documentation; and
- Require that at least one Council Member, in addition to the Clerk, sign the checks.

We noted that many of the above recommendations have been incorporated with the appointment of the new clerk in August 2000.

FINDING NUMBER 2000-30624-005

Noncompliance Citation/Material Weakness

Section 117-5-10, Ohio Administrative Code, required the Village to record each receipt in a receipts ledger and also outlined the procedures for which the receipts ledger shall be used and maintained. The Village failed to present a receipts ledger for 2000 for audit. Failure to properly maintain a receipts ledger makes it difficult to monitor budget vs. actual activity for receipts. Financial transactions should be posted as they occur in a timely and accurate manner to all appropriate journals and ledgers. Receipts ledgers should be subtotaled and reconciled monthly to the cash journal and the monthly bank statement.

FINDING NUMBER 2000-30624-006

Noncompliance Citation/Material Weakness

Section 117-5-11, Ohio Administrative Code, required the Village to record each expenditure in an appropriation ledger and also outlined the procedures for which the appropriation ledger shall be used and maintained. The Village failed to present an appropriation ledger for 2000 for audit. Failure to properly maintain a appropriations ledger makes it difficult to monitor budget vs. actual activity for disbursements. Financial transactions should be posted as they occur in a timely and accurate manner to all appropriate journals and ledgers. Appropriation ledgers should be subtotaled and reconciled monthly to the cash journal and the monthly bank statement.

FINDING NUMBER 2000-30624-007

Noncompliance Citation

Ohio Revised Code, Section 5705.39 states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure as approved by the Budget Commission. Ohio Revised Code, Section 5705.36 states in part that upon determination by the fiscal officer that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the excess. Contrary to this, the appropriations during 2000 exceeded estimated resources in the following fund; however, actual receipts plus Jan 1, 2000 fund balances were sufficient to permit obtaining an amended certificate:

**FINDING NUMBER 2000-30624-007
 (Continued)**

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
Water	\$105,158	\$ 90,363	\$ 14,795

FINDING NUMBER 2000-30624-008

Noncompliance Citation

Ohio Revised Code, Section 5705.41(B), requires that no money shall be expended unless it has been appropriated. Disbursements and encumbrances exceeded appropriations and carry over encumbrances during 1999 in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Total Disbursements</u>	<u>Variance</u>
General	\$101,539	\$118,469	\$ 16,930
OPWC	30,000	127,730	97,730

Also during 2000 disbursements and encumbrances exceeded appropriations and carry over encumbrances in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Total Disbursements</u>	<u>Variance</u>
Street	\$ 29,129	\$ 31,577	\$ 2,448
Water	105,158	116,235	11,077
Sewer	133,948	134,411	463

FINDING NUMBER 2000-30624-009

Finding For Recovery - Former Clerk's PERS

During 1999, the former Clerk, Sara Melvin, was reimbursed for the employee's portion of her PERS contribution totaling \$127.50. Also, during 2000, the Village paid the employee's portion of former Clerk Sara Melvin's PERS contribution in the amount of \$765. There is nothing in the official records of the Village which authorized these payments. The Village decided to pay the employee's portion of certain employee's PERS contribution. However, this legislation did not include former Clerk Sara Melvin.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code, Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Ms. Sara Melvin, former Village Clerk, and her bonding company, Western Surety Company, in the amount of eight hundred, ninety-two dollars and fifty cents (\$892.50) in favor of the Village of Bloomingburg's General Fund.



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VILLAGE OF BLOOMINGBURG

FAYETTE 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
SEPTEMBER 4, 2001**