



**Auditor of State  
Betty Montgomery**



VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Village of Bloomingdale  
Jefferson County  
P.O. Box 59  
Bloomingdale, Ohio 43910

To the Village Council:

We have audited the accompanying financial statements of the Village of Bloomingdale, Jefferson County, Ohio, (the Village) as of and for the years ended December 31, 2003 and 2002. 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.

The Village's financial transactions were processed using 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 conduct the audit of 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 (B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As described 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 of the Village of Bloomingdale, Jefferson County, Ohio, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 8 to the financial statements, the Village has an outstanding debt with Ohio Water Development Authority in the amount of \$106,744. The Village was unable to meet its obligations to repay the debt and has negotiated a repayment schedule which will not satisfy the debt principal.

Village of Bloomingdale  
Jefferson County  
Independent Accountants' Report

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2004 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 management, Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 20, 2004

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$5,221	\$1,007			\$6,228
Intergovernmental Receipts	25,220	12,947			38,167
Charges for Services	263				263
Fines, Licenses, and Permits	2,932				2,932
Earnings on Investments	13	7			20
Miscellaneous	381				381
<b>Total Cash Receipts</b>	<u>34,030</u>	<u>13,961</u>			<u>47,991</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	11,717	3,463			15,180
Leisure Time Activities	14,963				14,963
Transportation		7,341			7,341
General Government	8,899				8,899
Debt Service:					
Principal Payments			\$1,600		1,600
Interest Payments	800				800
<b>Total Cash Disbursements</b>	<u>36,379</u>	<u>10,804</u>	<u>1,600</u>		<u>48,783</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(2,349)</u>	<u>3,157</u>	<u>(1,600)</u>		<u>(792)</u>
Fund Cash Balances, January 1	822	4,847	(1,579)	\$313	4,403
<b>Fund Cash Balances, December 31</b>	<u><b>(\$1,527)</b></u>	<u><b>\$8,004</b></u>	<u><b>(\$3,179)</b></u>	<u><b>\$313</b></u>	<u><b>\$3,611</b></u>

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

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$4,847	\$937			\$5,784
Intergovernmental Receipts	30,385	15,297			45,682
Charges for Services	100				100
Fines, Licenses, and Permits	1,658				1,658
Earnings on Investments	61	30			91
Miscellaneous	765				765
<b>Total Cash Receipts</b>	<b>37,816</b>	<b>16,264</b>			<b>54,080</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	7,848	297			8,145
Public Health Services	3,110				3,110
Leisure Time Activities	16,090				16,090
Basic Utility Services	162	285			447
Transportation		18,016			18,016
General Government	9,292	134			9,426
Debt Service:					
Principal Payments			\$1,664		1,664
Interest Payments	700				700
<b>Total Cash Disbursements</b>	<b>37,202</b>	<b>18,732</b>	<b>1,664</b>		<b>57,598</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>614</b>	<b>(2,468)</b>	<b>(1,664)</b>		<b>(3,518)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Other Financing Sources		5,096			5,096
<b>Total Other Financing Receipts/(Disbursements)</b>		<b>5,096</b>			<b>5,096</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	614	2,628	(1,664)		1,578
Fund Cash Balances, January 1	208	2,219	85	\$313	2,825
<b>Fund Cash Balances, December 31</b>	<b>\$822</b>	<b>\$4,847</b>	<b>(\$1,579)</b>	<b>\$313</b>	<b>\$4,403</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, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Bloomingdale, Jefferson County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services, park operations, street maintenance, and police services. The Village contracts with the Bloomingdale Volunteer Fire Department to provide fire protection services.

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. 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 Fund:

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

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of note indebtedness. The Village's debt service fund is used to pay principal and interest on a note used for the purchase of a police cruiser.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**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:

*Storm Water Construction Fund* - This fund was used for construction and maintenance of storm sewers within the Village.

**D. 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. 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.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**E. 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.

**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 at December 31 was as follows:

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH (Continued)**

	2003	2002
Demand deposits	\$3,611	\$4,403
Total deposits	3,611	4,403

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,835	\$34,030	\$1,195
Special Revenue	11,606	13,961	2,355
Debt Service	6,067	0	(6,067)
Capital Projects	0	0	0
Total	\$50,508	\$47,991	(\$2,517)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,949	\$36,379	(\$3,430)
Special Revenue	14,161	10,804	3,357
Debt Service	6,608	1,600	5,008
Capital Projects	313	0	313
Total	\$54,031	\$48,783	\$5,248

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,943	\$37,816	\$6,873
Special Revenue	7,483	21,360	13,877
Debt Service	5,983	0	(5,983)
Capital Projects	0	0	0
Total	\$44,409	\$59,176	\$14,767

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$37,202	(\$37,202)
Special Revenue	0	18,732	(18,732)
Debt Service	0	1,664	(1,664)
Capital Projects	0	0	0
Total	\$0	\$57,598	(\$57,598)

The Village did not pass an appropriation resolution for the year ending December 31, 2002 as required by Ohio Revised Code § 5705.38. Contrary to Ohio Revised Code § 5705.41(B), budgetary expenditures exceeded appropriation authority in all funds for the year ending December 31, 2002 and in the General Fund and the Fire Funds for the year ending December 31, 2003. Finally, contrary to Ohio Revised Code § 5705.41(D), the Village did not certify or record against applicable appropriation accounts for 100% of all tested expenditures in 2002 and 2003.

**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.

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, 2003 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$192,754	6.50%
General Obligation Note	451	6.50%
Total	\$193,205	

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loan relates to three loans for the planning and engineering phase of a wastewater project that was mandated by the Ohio Environmental Protection Agency. The loans have been consolidated into a single loan. The amount reported above as principal includes a capitalized interest portion of \$86,010, the original principal portion of the loans totaled \$106,744. Repayments were to have begun in January, 2000, but the Village did no 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.

The General Obligation Note was issued for the purchase of a police cruiser and is collateralized by the Villages taxing authority.

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

	<u>Police Cruiser Note</u>
Year ending December 31:	
2004	<u>\$457</u>
Total	<u><u>\$457</u></u>

**6. RETIREMENT SYSTEMS**

The Village's 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 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

**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 the 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.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

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

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$25,288,098	\$20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained earnings	<u>\$12,415,113</u>	<u>\$11,624,228</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$3,158,813	\$2,565,408
Liabilities	(792,061)	(655,318)
Retained earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**8. SUBSEQUENT EVENTS**

The Village of Bloomingdale had accepted a loan 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 renegotiated payment schedule agreed to by the Village and OWDA is not adequate to repay the debt, as interest accrues at a rate, which exceeds the payment amount.

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Bloomingdale  
Jefferson County  
P.O. Box 59  
Bloomingdale, Ohio 43910

To the Village Council:

We have audited the financial statements of Village of Bloomingdale, Jefferson County, Ohio (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 20, 2004 wherein we noted that the Village's financial transactions were processed using 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 conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We also noted Village was unable to meet its obligations to repay its Ohio Water Development Authority loan and has negotiated a repayment schedule which will not satisfy the debt principal. 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 test disclosed instances of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001, 2003-002, and 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated October 20, 2004.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Government's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-004.

Village of Bloomingdale  
Jefferson County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*

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.

We believe the reportable condition described above is a material weakness. 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 the Village's management in a separate letter dated October 20, 2004.

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



**Betty Montgomery**  
Auditor of State

October 20, 2004

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

**Ohio Revised Code § 5705.38** requires that on or about the first day of each fiscal year, an appropriation measure be passed. **Ohio Revised Code § 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

As the Village did not pass an appropriation measure for 2002 and as expenditures are limited by the appropriations established for each fund, all expenditures made by the Village in 2002 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 appropriation limitations.

FINDING NUMBER 2003-002

**Ohio Revised Code § 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The following funds had expenditures which exceeded appropriations in 2003:

Fund	Budgetary Expenditures	Appropriations Authority	Variance
General Fund	\$36,379	\$32,949	(\$3,430)
Fire Fund	\$3,463	\$0	(\$3,463)

The Village Clerk/Treasurer should monitor expenditures by comparing the expenditures to appropriations and should approach Village Council to request amendments to the original appropriations as necessary to guard against overspending. In addition, the Village Clerk/Treasurer should deny or not approve expenditures in excess of appropriations.

FINDING NUMBER 2003-003

**Ohio Revised Code § 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 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. This certificate need be signed only by the subdivision's fiscal officer. 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 fiscal officer'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.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

- A. Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officer'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, the Village 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 \$1,000 (\$3,000 effective April 7, 2003) the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council if such expenditure is otherwise valid.

- B. Blanket Certificate** – Fiscal officers 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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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.

- C. 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 fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extent beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Village did not properly certify or record the amount against the applicable appropriation accounts for 100% of tested expenditures in 2002 and 2003. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending in 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 section Ohio Revised Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code § 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**FINDING NUMBER 2003-004**

On September 29, 1994, the Village received three loans in the amounts of \$16,800, \$80,000 and \$9,944, at interest rates of 6.72%, 6.36% and 6.49%, respectively, from the Ohio Water Development Authority (OWDA) for the purpose of planning and designing a wastewater facility. The contract period defined the date on which repayment was to begin and was specified as the earliest of January 1, 2000 or the date on which the Village obtained long-term financing to complete the project. On January 1, 2000 the planning and design loans were consolidated into one loan with a principal amount of \$106,744 and an interest rate of 6.5%.

The Village had agreed to charge rates for using the wastewater facility that would result in revenues at least adequate to provide for the payments required to pay the principal amount plus interest on the planning and designing loan.

The Village completed the planning and design phases of the proposed project; however the wastewater facility was not constructed. Therefore, the project has not provided a new source of revenue for the Village and long term financing was not obtained.

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. Interest continues to accrue on the loan so that the amount of additional interest payable accrued each month adds more than \$100 per month to the total outstanding debt amount. At the current rate of repayment, the Village will not repay the debt.

For the current debt, the Village should attempt to negotiate terms with the OWDA which would provide the means for repayment. For future debts, the Village should not enter into any debt agreement without having a revenue source in place from which the debt will be repaid.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2001-31241-001	<b>Ohio Revised Code § 5705.14</b> authorization of transfers.	Yes	
2001-31241-002	<b>Ohio Revised Code § 5705.38</b> Annual appropriation measure not passed.	No	Cited again in current audit period as 2003-001.
2001-31241-003	<b>Ohio Revised Code § 5705.41(B)</b> expenditures exceeded appropriations.	No	Cited again in current audit period as 2003-002.
2001-31241-004	<b>Ohio Revised Code § 5705.41 (D)</b> proper certification of expenditures.	No	Cited again in current audit period as 2003-003.
2001-31241-005	<b>Ohio Revised Code § 133.22</b> notification of County Auditor of anticipated debt payments.	Yes	
2001-31241-006	<b>Ohio Revised Code §121.22</b> record or maintain minutes.	No	Partially Corrected. Recommendation in current management letter.



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**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  
FEBRUARY 10, 2005**