



Mary Taylor, CPA  
Auditor of State



VILLAGE OF BLOOMVILLE  
SENECA COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of Bloomville  
Seneca County  
10 Beeghly Avenue  
Bloomville, Ohio 44818-9221

To the Village Council:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

August 17, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Bloomville  
Seneca County  
10 Beeghly Avenue  
Bloomville, Ohio 44818-9221

To the Village Council:

We have audited the accompanying financial statements of the Village of Bloomville, Seneca County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 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, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Bloomville, Seneca County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 August 17, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

**Mary Taylor, CPA**  
Auditor of State

August 17, 2009



**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$26,650	\$11,234	\$37,884
Intergovernmental	85,763	41,472	127,235
Charges for Services	67	110	177
Fines, Licenses and Permits	6,792		6,792
Earnings on Investments	5,648	113	5,761
Miscellaneous	26,697	2,595	29,292
	<u>151,617</u>	<u>55,524</u>	<u>207,141</u>
<b>Total Cash Receipts</b>			
	<u>151,617</u>	<u>55,524</u>	<u>207,141</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	9,271	47,661	56,932
Public Health Services	1,786		1,786
Leisure Time Activities	2,098		2,098
Community Environment	2		2
Basic Utility Service	7,543		7,543
Transportation	26,810	26,533	53,343
General Government	44,470		44,470
Debt Service:			
Redemption of Principal		816	816
Capital Outlay	23,341	16,450	39,791
	<u>115,321</u>	<u>91,460</u>	<u>206,781</u>
<b>Total Cash Disbursements</b>			
	<u>115,321</u>	<u>91,460</u>	<u>206,781</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>36,296</u>	<u>(35,936)</u>	<u>360</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In		60,000	60,000
Transfers-Out	(60,000)		(60,000)
	<u>(60,000)</u>	<u>60,000</u>	<u></u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
	<u>(60,000)</u>	<u>60,000</u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(23,704)	24,064	360
Fund Cash Balances, January 1	184,949	78,302	263,251
<b>Fund Cash Balances, December 31</b>	<u><b>\$161,245</b></u>	<u><b>\$102,366</b></u>	<u><b>\$263,611</b></u>
Reserve for Encumbrances, December 31	<u>\$2,733</u>	<u>\$471</u>	<u>\$3,204</u>

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

**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$226,926
<b>Operating Cash Disbursements:</b>	
Personal Services	90,132
Contractual Services	72,921
Supplies and Materials	15,554
Total Operating Cash Disbursements	178,607
Operating Income	48,319
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	169,011
Earnings on Investments	21,739
Miscellaneous Receipts	7,610
Total Non-Operating Cash Receipts	198,360
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	199,672
Redemption of Principal	73,044
Other Non-Operating Cash Disbursements	1,721
Total Non-Operating Cash Disbursements	274,437
Net Receipts Under Disbursements	(27,758)
Fund Cash Balances, January 1	561,267
<b>Fund Cash Balances, December 31</b>	<b>\$533,509</b>
Reserve for Encumbrances, December 31	\$1,598

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

**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$27,311	\$11,660	\$38,971
Intergovernmental	86,665	40,438	127,103
Charges for Services	100		100
Fines, Licenses and Permits	12,601	490	13,091
Earnings on Investments	10,120	137	10,257
Miscellaneous	11,582	1,417	12,999
Total Cash Receipts	148,379	54,142	202,521
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	9,049	53,141	62,190
Public Health Services	1,710		1,710
Leisure Time Activities	2,076		2,076
Community Environment	350		350
Basic Utility Service	6,882		6,882
Transportation	21,425	27,273	48,698
General Government	48,684		48,684
Debt Service:			
Redemption of Principal		3,146	3,146
Capital Outlay	3,595	15,010	18,605
Total Cash Disbursements	93,771	98,570	192,341
Total Receipts Over/(Under) Disbursements	54,608	(44,428)	10,180
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In		43,000	43,000
Transfers-Out	(43,000)		(43,000)
Total Other Financing Receipts / (Disbursements)	(43,000)	43,000	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,608	(1,428)	10,180
Fund Cash Balances, January 1	173,341	79,730	253,071
<b>Fund Cash Balances, December 31</b>	<b>\$184,949</b>	<b>\$78,302</b>	<b>\$263,251</b>
Reserve for Encumbrances, December 31		\$604	\$604

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

**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$232,697
Miscellaneous	1,940
	234,637
Total Operating Cash Receipts	234,637
<b>Operating Cash Disbursements:</b>	
Personal Services	101,295
Contractual Services	36,277
Supplies and Materials	17,955
	155,527
Total Operating Cash Disbursements	155,527
Operating Income	79,110
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	1,509,759
Earnings on Investments	24,873
Miscellaneous Receipts	2,341
	1,536,973
Total Non-Operating Cash Receipts	1,536,973
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	1,499,151
Redemption of Principal	41,635
Other Non-Operating Cash Disbursements	2,877
	1,543,663
Total Non-Operating Cash Disbursements	1,543,663
Net Receipts Over Disbursements	72,420
Fund Cash Balances, January 1	488,847
<b>Fund Cash Balances, December 31</b>	<b>\$561,267</b>
Reserve for Encumbrances, December 31	\$415,495

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

**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bloomville, Seneca County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. STAR Ohio is recorded at share values reported by the State Treasurer.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

Police Fund – This fund receives property tax for law enforcement services for the Village.

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant enterprise funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Capital Project Improvement Fund - This fund receives loan proceeds and grants from the Ohio Water Development Authority and Ohio Public Works Commission to finance the waste water plant expansion.

**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 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.

**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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

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

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Deposits and Investments**

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

	2008	2007
Cash on Hand	\$200	\$200
Demand deposits	183,928	187,787
Certificates of deposit	493,981	480,479
Total deposits	678,109	668,466
 STAR Ohio	 119,011	 156,052
 Total deposits and investments	 \$797,120	 \$824,518

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$143,140	\$151,617	\$8,477
Special Revenue	114,117	115,524	1,407
Enterprise	822,582	425,286	(397,296)
Total	\$1,079,839	\$692,427	(\$387,412)

**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$220,175	\$178,054	\$42,121
Special Revenue	170,391	91,931	78,460
Enterprise	964,365	454,642	509,723
Total	\$1,354,931	\$724,627	\$630,304

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,610	\$148,379	\$133,769
Special Revenue	98,055	97,142	(913)
Enterprise	1,447,683	1,771,610	323,927
Total	\$1,560,348	\$2,017,131	\$456,783

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$191,182	\$136,771	\$54,411
Special Revenue	129,684	99,174	30,510
Enterprise	1,540,238	2,114,685	(574,447)
Total	\$1,861,104	\$2,350,630	(\$489,526)

Contrary to Ohio law, the Village did not obtain a reduced amended certificate of estimated resources and a reduced appropriation amendment when required for the Enterprise Capital Project Fund for the year ended December 31, 2008. Also, budgetary expenditures exceeded the appropriation authority in the Enterprise Capital Project Fund by \$714,228 for the year ended December 31, 2007.

**4. Property Tax**

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

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.



**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. Property Tax (Continued)**

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, 2008 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$1,351,311	0%

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,460,877 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$36,522 over 20 years. The scheduled payment amount below assumes that \$1,460,877 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OWDA Loan
2009	\$73,044
2010	73,044
2011	73,044
2012	73,044
2013	73,044
2014-2018	365,219
2019-2023	365,219
2024-2028	255,653
Total	\$1,351,311

**6. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. Risk Management**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006 (the latest information available):

	<b>2007</b>	<b>2006</b>
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$6,862,902	\$6,290,528

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. Contingent Liabilities**

The Village is defendant in a couple of lawsuits pertaining to the water and sewer plant expansion project. The Village has complained the water and sewer treatment facility is not functioning correctly therefore is withholding payment of \$80,000 until the matter is corrected. Although management cannot presently determine the outcome of these suits, management believes the resolution of these matters will not materially adversely affect the Village's financial condition.



# Mary Taylor, CPA

## Auditor of State

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

Village of Bloomville  
Seneca County  
10 Beeghly Avenue  
Bloomville, Ohio 44818-9221

To the Village Council:

We have audited the financial statements of the Village of Bloomville, Seneca County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 17, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider item 2008-003 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We noted certain internal control matters that we reported to the Village's management in a separate letter dated August 17, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 and 2008-002.

We also noted a certain noncompliance matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 17, 2009.

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

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



**Mary Taylor, CPA**  
Auditor of State

August 17, 2009

**VILLAGE OF BLOOMVILLE  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

**FINDING NUMBER 2008-001**

**Noncompliance Citation**

**Ohio Revised Code, § 5705.36(A)(2)**, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

**Ohio Revised Code, § 5705.36(A)(4)**, states that a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

We found the following variance that required obtaining a decreased amended certificate and a reduced appropriation amendment:

Fund	Estimated Receipts	Actual Receipts	Deficiency	Actual Resources Less Than Appropriations
<b>2008</b>				
<b>Enterprise Fund:</b>				
Capital Project Fund	\$562,372	\$169,011	(\$393,361)	(\$393,090)

We recommend the Village obtain amended certificates as required. Also, we recommend the Council amend appropriations when actual revenues fall below the current level of appropriations.

**FINDING NUMBER 2008-002**

**Noncompliance Citation**

**Ohio Revised Code, §5705.41(B)**, prohibits a subdivision from making an expenditure unless it has been properly appropriated.

At December 31, 2007 the following instance was noted in which expenditures exceeded appropriations in the following fund:

Fund	Appropriations	Expenditures	Excess
<b>2007</b>			
<b>Enterprise Fund:</b>			
Capital Project Fund	\$1,177,824	\$1,892,052	(\$714,228)

Management was advised the failure to have adequate appropriations in place at the time of the expenditures are being made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

**FINDING NUMBER 2008-002  
(Continued)**

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request Council approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**FINDING NUMBER 2008-003**

**Material Weakness**

**Financial Reporting**

Errors were noted in the financial statements that required audit adjustments. In 2007, revenue and expenditures as a result of an on-behalf grant from the Ohio Public Works Commission of \$166,002 was not posted as a debit and credit memo in the Enterprise Fund, Capital Projects Fund, for the line items Intergovernmental Revenue and Capital Outlay. Also, an adjustment was made for a transfer made from the Enterprise Capital Project Fund in the amount of \$11,135 to the Sanitary Sewer Fund and General Fund that lacked approval of the Tax Commissioner and of the Court of Common Pleas.

Sound financial reporting is the responsibility of the Fiscal Officer and the Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and audit committee to identify and correct errors and omissions.

**Officials' Response:**

The Fiscal Officer will correct these matters in the future.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF BLOOMVILLE**

**SENECA 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 22, 2009**