



Dave Yost • Auditor of State

VILLAGE OF BLOOMVILLE
SENECA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Bloomville, Seneca County, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Bloomville, Seneca County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Emphasis of Matters

As discussed in Note 1 to the financial statements, during 2011 the Village of Bloomville adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the Village has elected to change its method of accounting for the Swimming Pool Fund, reclassifying it from an enterprise fund to a special revenue fund in 2011. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

December 13, 2013

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$34,747	\$23,002	\$57,749
Intergovernmental	57,094	39,773	96,867
Charges for Services	570	12,931	13,501
Fines, Licenses and Permits	6,290	25	6,315
Earnings on Investments	828	2,064	2,892
Miscellaneous	8,400	1,343	9,743
<i>Total Cash Receipts</i>	<u>107,929</u>	<u>79,138</u>	<u>187,067</u>
Cash Disbursements			
Current:			
Security of Persons and Property	10,221	41,978	52,199
Public Health Services	1,516		1,516
Leisure Time Activities		29,757	29,757
Basic Utility Services	6,096		6,096
Transportation	20,404	19,334	39,738
General Government	38,646		38,646
Capital Outlay		14,353	14,353
<i>Total Cash Disbursements</i>	<u>76,883</u>	<u>105,422</u>	<u>182,305</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,046</u>	<u>(26,284)</u>	<u>4,762</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	1,500	624	2,124
Transfers In		35,000	35,000
Transfers Out	(35,000)		(35,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,500)</u>	<u>35,624</u>	<u>2,124</u>
<i>Net Change in Fund Cash Balances</i>	(2,454)	9,340	6,886
<i>Fund Cash Balances, January 1</i>	<u>154,336</u>	<u>325,722</u>	<u>480,058</u>
Fund Cash Balances, December 31			
Restricted		335,062	335,062
Assigned	46,365		46,365
Unassigned	105,517		105,517
<i>Fund Cash Balances, December 31</i>	<u>\$151,882</u>	<u>\$335,062</u>	<u>\$486,944</u>

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

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$250,832
Operating Cash Disbursements	
Personal Services	88,041
Contractual Services	49,703
Supplies and Materials	12,298
<i>Total Operating Cash Disbursements</i>	150,042
<i>Operating Income</i>	100,790
Non-Operating Receipts (Disbursements)	
Intergovernmental	40,000
Other Debt Proceeds	70,316
Miscellaneous Receipts	2,458
Capital Outlay	(131,160)
Principal Retirement	(73,044)
Other Financing Uses	(1,646)
<i>Total Non-Operating Receipts (Disbursements)</i>	(93,076)
<i>Net Change in Fund Cash Balances</i>	7,714
<i>Fund Cash Balances, January 1</i>	412,015
<i>Fund Cash Balances, December 31</i>	\$419,729

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

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$33,465	\$21,664	\$55,129
Intergovernmental	81,082	40,980	122,062
Charges for Services	367	12,266	12,633
Fines, Licenses and Permits	12,083	115	12,198
Earnings on Investments	1,431	3,865	5,296
Miscellaneous	21,783	2,311	24,094
<i>Total Cash Receipts</i>	<u>150,211</u>	<u>81,201</u>	<u>231,412</u>
Cash Disbursements			
Current:			
Security of Persons and Property	11,770	44,055	55,825
Public Health Services	1,653		1,653
Leisure Time Activities		26,440	26,440
Basic Utility Services	7,242		7,242
Transportation	22,204	23,561	45,765
General Government	76,211		76,211
<i>Total Cash Disbursements</i>	<u>119,080</u>	<u>94,056</u>	<u>213,136</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,131</u>	<u>(12,855)</u>	<u>18,276</u>
Other Financing Receipts (Disbursements)			
Transfers In		45,790	45,790
Transfers Out	(56,283)		(56,283)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(56,283)</u>	<u>45,790</u>	<u>(10,493)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(25,152)</u>	<u>32,935</u>	<u>7,783</u>
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>179,488</u>	<u>292,787</u>	<u>472,275</u>
Fund Cash Balances, December 31			
Restricted		325,722	325,722
Assigned	45,784		45,784
Unassigned	108,552		108,552
<i>Fund Cash Balances, December 31</i>	<u>\$154,336</u>	<u>\$325,722</u>	<u>\$480,058</u>

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

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$237,066
Miscellaneous	45
	237,111
<i>Total Operating Cash Receipts</i>	<i>237,111</i>
Operating Cash Disbursements	
Personal Services	84,045
Contractual Services	46,537
Supplies and Materials	12,065
	142,647
<i>Total Operating Cash Disbursements</i>	<i>142,647</i>
<i>Operating Income</i>	<i>94,464</i>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	2,352
Capital Outlay	(5,303)
Principal Retirement	(73,044)
Other Financing Uses	(2,078)
	(78,073)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(78,073)</i>
<i>Income before Transfers</i>	<i>16,391</i>
Transfers In	10,493
	26,884
<i>Net Change in Fund Cash Balances</i>	<i>26,884</i>
<i>Fund Cash Balances, January 1 (Restated)</i>	<i>385,131</i>
<i>Fund Cash Balances, December 31</i>	<i>\$412,015</i>

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

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**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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, 2012 AND 2011
(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.

Debt Service Fund - This fund receives charges for services from residents to retire debt for the waste water plant expansion. A utility surcharge recorded in this fund will repay this loan.

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 re-appropriated.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

F. Fund Balance

In 2011, the Village implemented Governmental Accounting Standards Board (GASB) No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which had no effect on fund balances. Under GASB 54 fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. 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.

H. 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.

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

2. Accounting Change

During 2011, the Village started receiving a tax levy for the swimming pool. As the result the Village reclassified the Swimming Pool Fund from an Enterprise Fund to a Special Revenue Fund. This had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2010	Change	Fund Balance at January 1, 2011
Special Revenue	\$103,666	\$189,121	\$292,787
Enterprise	574,253	(189,121)	385,131

3. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investment 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:

	<u>2012</u>	<u>2011</u>
Demand deposits	\$435,202	\$421,238
Certificates of deposit	310,394	309,880
Cash on Hand	200	200
Total deposits	<u>745,796</u>	<u>731,318</u>
 STAR Ohio	 <u>160,877</u>	 <u>160,755</u>
Total deposits and investments	<u><u>\$906,673</u></u>	<u><u>\$892,073</u></u>

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

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

4. Budgetary Activity

Budgetary activity for the years ending 2012 and 2011 follows:

<u>2012 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$119,347	\$109,429	(\$9,918)
Special Revenue	119,125	114,762	(4,363)
Enterprise	344,086	363,606	19,520
Total	<u><u>\$582,558</u></u>	<u><u>\$587,797</u></u>	<u><u>\$5,239</u></u>

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$165,158	\$112,795	\$52,363
Special Revenue	195,005	142,279	52,726
Enterprise	480,561	357,483	123,078
Total	<u>\$840,724</u>	<u>\$612,557</u>	<u>\$228,167</u>

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,871	\$150,211	\$21,340
Special Revenue	79,013	126,991	47,978
Enterprise	261,356	249,956	(11,400)
Total	<u>\$469,240</u>	<u>\$527,158</u>	<u>\$57,918</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$188,053	\$176,326	\$11,727
Special Revenue	149,393	96,406	52,987
Enterprise	428,021	224,802	203,219
Total	<u>\$765,467</u>	<u>\$497,534</u>	<u>\$267,933</u>

5. 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

6. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$910,167	0%
Ohio Public Works Commission Loan	70,316	0%
Total	<u>\$980,483</u>	

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

The Ohio Water Development Authority (OWDA) loan relates to a 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. Since 2006, the Village still has not used \$148,978 of the approved loan. The scheduled payment amount below does not include the \$148,978. 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.

The Ohio Public Works Commission (OPWC) loan related to the North Prospect and Railroad Street waterline. The OPWC approved up to \$99,573 in loans to the Village for this project. The Village only used \$70,316 of the loan. The Village will repay the loan in semiannual installments of \$1,172 over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	<u>OWDA Loan</u>	<u>OPWC Loan</u>
2013	\$73,044	\$2,344
2014	73,044	2,344
2015	73,044	2,344
2016	73,044	2,344
2017	73,044	2,344
2018-2022	365,219	11,719
2023-2027	179,728	11,719
2028-2032		11,719
2033-2037		11,719
2038-2042		11,720
Total	<u>\$910,167</u>	<u>\$70,316</u>

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

8. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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, 2012 and 2011:

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Bloomville, Seneca County, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated December 13, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, and wherein the Village adopted Government Accounting Standards Board Statement No. 54 in 2011. We also noted the Village reclassified its Swimming Pool Fund from an enterprise fund, to a special revenue fund in 2011.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant

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agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Village's response to the finding 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.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

December 13, 2013

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-001

Material Weakness

Financial Reporting

The Village's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements resulting in eight audit adjustments ranging in amounts from \$400 to \$209,771. The adjustments are as follows:

- During 2012, earnings on investments of \$720 were improperly accounted for in the Enterprise funds and not the General Fund.
- Restricted fund balances of the Special Revenue Funds were classified as unassigned fund balance in the follow amounts:

<u>Fund</u>	<u>2012</u>	<u>2011</u>
Street Maintenance and Repair	\$ 74,544	\$ 72,924
State Highway	22,085	19,946
Police Training	1,254	1,517
Recreation	208,663	209,771
Drug Law Enforcement	314	314
Police	12,865	9,995
Motor Vehicle License Tax	13,619	9,561
Court Computer	1,717	1,692

- During 2012 and 2011, General Fund assigned fund balance of \$46,365 and \$45,784, respectively, were improperly accounted for as unassigned fund balance.
- During 2011, the recycling grant of \$3,596 was improperly accounted for in the General Fund as Miscellaneous Revenues instead of Intergovernmental Revenues.
- During 2012 and 2011 trash bag sales and bad check fees of \$7,536 and \$7,624, respectively, were improperly accounted for, in the General Fund as charges for services instead of miscellaneous revenues.
- During 2012, park shelter revenues of \$400 were improperly accounted for, in the General Fund as miscellaneous instead of charges for services.
- During 2012, debt proceeds and capital outlay of \$70,316 were improperly accounted for in the Water Fund as Intergovernmental revenues instead of in an OPWC Fund.
- During 2012, intergovernmental revenues of \$421 in the Water Fund were improperly accounted for as miscellaneous revenues.

The accompanying financial statements and accounting records have been adjusted to correct these errors. To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the annual report by Council and audit committee to identify and correct errors and misclassifications.

Officials' Response:

We acknowledge adjustments were necessary to adhere to the Auditor of State's policies and procedures. We will be mindful of these adjustments when recording future transactions.

**VILLAGE OF BLOOMVILLE
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Rev. Code §5705.41(D)(1) for failure to certify the availability of funds.	No	Partially corrected and repeated in the Management Letter.
2010-002	Material Weakness and Ohio Rev. Code §135.21 for improperly posting interest into the Enterprise Funds.	No	Partially corrected and repeated in the Management Letter.
2010-003	Material Weakness in financial reporting due to errors in financial statements.	No	Not corrected and repeated as Finding Number 2012-001 in this report.



Dave Yost • 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
DECEMBER 31, 2013**