



Dave Yost • Auditor of State



VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Village of Bloomingdale, Jefferson County, (the Village) as of and for the years ended December 31, 2013 and 2012.

### ***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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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(D), 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, 2013 and 2012, 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 Village of Bloomingdale, Jefferson County as of December 31, 2013 and 2012, 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(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014, 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

October 20, 2014

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$2,908	\$1,344			\$4,252
Municipal Income Tax	17,246				17,246
Intergovernmental	8,148	10,916			19,064
Fines, Licenses and Permits	631				631
Miscellaneous	4,088				4,088
<i>Total Cash Receipts</i>	<u>33,021</u>	<u>12,260</u>	<u>\$0</u>	<u>\$0</u>	<u>45,281</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	7,843				7,843
Public Health Services	509				509
Leisure Time Activities	5,338				5,338
Community Environment	1,485				1,485
Transportation		14,609			14,609
General Government	15,212				15,212
Capital Outlay	6,800				6,800
Debt Service:					
Principal Retirement	2,400				2,400
<i>Total Cash Disbursements</i>	<u>39,587</u>	<u>14,609</u>	<u>0</u>	<u>0</u>	<u>54,196</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,566)</u>	<u>(2,349)</u>	<u>0</u>	<u>0</u>	<u>(8,915)</u>
<i>Net Change in Fund Cash Balances</i>	(6,566)	(2,349)	0	0	(8,915)
<i>Fund Cash Balances, January 1</i>	<u>25,225</u>	<u>24,631</u>	<u>(3,489)</u>	<u>313</u>	<u>46,680</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	0	0
Restricted	0	22,282	0	313	22,595
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned (Deficit)	18,659	0	(3,489)	0	15,170
<i>Fund Cash Balances, December 31</i>	<u>\$18,659</u>	<u>\$22,282</u>	<u>(\$3,489)</u>	<u>\$313</u>	<u>\$37,765</u>

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

VILLAGE OF BLOOMINGDALE  
JEFFERSON 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	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$1,670	\$1,085			\$2,755
Municipal Income Tax	5,341				5,341
Intergovernmental	13,155	10,857			24,012
Charges for Services	10				10
Fines, Licenses and Permits	705				705
Miscellaneous	8,212	1,001			9,213
<i>Total Cash Receipts</i>	<u>29,093</u>	<u>12,943</u>	<u>\$0</u>	<u>\$0</u>	<u>42,036</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	4,681				4,681
Public Health Services	342				342
Leisure Time Activities	5,227				5,227
Community Environment	1,832				1,832
Basic Utility Services	600				600
Transportation		7,239			7,239
General Government	15,140	22			15,162
Debt Service:					
Principal Retirement	1,500				1,500
<i>Total Cash Disbursements</i>	<u>29,322</u>	<u>7,261</u>	<u>0</u>	<u>0</u>	<u>36,583</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(229)</u>	<u>5,682</u>	<u>0</u>	<u>0</u>	<u>5,453</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Financing Uses		(453)			(453)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(453)</u>	<u>0</u>	<u>0</u>	<u>(453)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(229)</u>	<u>5,229</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
<i>Fund Cash Balances, January 1</i>	<u>25,454</u>	<u>19,404</u>	<u>(3,489)</u>	<u>313</u>	<u>41,682</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	0	0
Restricted	0	24,631	0	313	24,944
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned (Deficit)	25,225	0	(3,489)	0	21,736
<i>Fund Cash Balances, December 31</i>	<u>\$25,225</u>	<u>\$24,631</u>	<u>(\$3,489)</u>	<u>\$313</u>	<u>\$46,680</u>

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, 2013 AND 2012**

**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 Bloomingdale, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general Village, park operations, and police services. The Village contracts with Bloomingdale Volunteer Fire Department to receive fire protection services.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

**Public Entity Risk Pool:**

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.

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**

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.

**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.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**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 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 Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Service Fund – This fund was used to pay principal and interest on a note held by the Village. A negative balance remains.

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Storm Water Construction Fund – This fund was used for construction of storm sewers within the Village. An unused fund balance remains.

**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. 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 approve estimated resources.

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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 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 amends 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.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

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.

**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:

	2013	2012
Demand deposits	\$37,765	\$46,680
Total deposits and investments	\$37,765	\$46,680

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,000	\$33,021	\$14,021
Special Revenue	8,000	12,260	4,260
Total	\$27,000	\$45,281	\$18,281

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$39,587	(\$39,587)
Special Revenue		14,609	(14,609)
Total	\$0	\$54,196	(\$54,196)

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,000	\$29,093	\$11,093
Special Revenue	9,409	12,943	3,534
Total	\$27,409	\$42,036	\$14,627

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$29,322	(\$29,322)
Special Revenue		7,714	(7,714)
Total	\$0	\$37,036	(\$37,036)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the years ended December 31, 2013 and 2012 by 100%. Also contrary to Ohio law, at December 31, 2013 and 2012, the Debt Service fund had a cash deficit balance of \$3,489.

**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.

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2958	\$8,222	6.72%
Ohio Water Development Authority Loan #2959	\$101,137	6.36%
Ohio Water Development Authority Loan #2960	11,970	6.49%
Total	<u>\$121,329</u>	

The Ohio Water Development Authority (OWDA) loans were for the planning and engineering phase of a wastewater project that was mandated by the Ohio Environmental Protection Agency. The amount reported above as principal includes a capitalized interest portion, the original principal portion of the loans totaled \$106,744. Repayments were to have begun in January, 2000, but the Village did not 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. Future user fees were used to collateralize the loan, however, the project was not completed and to date, there are no user fees. See Note 9.

**7. RETIREMENT SYSTEMS**

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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**8. RISK MANAGEMENT**

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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, 2013 AND 2012  
(Continued)**

**8. RISK MANAGEMENT – (Continued)**

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013 (the latest information available):

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Village's share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$5,029	\$5,045

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**9. SUBSEQUENT EVENTS**

The Village of Bloomingdale had accepted 3 loans 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 Village has renegotiated the terms of the debt with OWDA. The first renegotiated payment schedule dated October 1, 2002 was not adequate to repay the debt, as interest was accruing at the rate which exceeded the payment amount and the unpaid interest was being capitalized. The second renegotiated agreement February 1, 2004 provides that the Village will maintain the same level of payments previously negotiated and OWDA will freeze the interest so interest will no longer accrue on the outstanding debt.

The Village' 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 has established. The Village has requested a revised payment schedule which would allow them to repay \$100 per month. At the current rate of repayment, the Village will not repay the debt per the agreement. For the current debt, the Village is in contact with OWDA to provide the means for repayment.





# 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 Bloomingdale  
Jefferson County  
P.O. Box 59  
Bloomingdale, Ohio 43910

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 Village of Bloomingdale, Jefferson County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 2013-004 and 2013-005 described in the accompanying schedule of findings to be material weaknesses.

***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, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 through 2013-004.

***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

October 20, 2014

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

NONCOMPLIANCE CITATION

Certificate of Expenditure

**Ohio Rev. 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 officers' 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.

- 1. Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the clerk/treasurers' 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 District 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 \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of Council if such expenditure is otherwise valid.
- 2. Blanket Certificate** – Fiscal Officer 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. 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.

**FINDING NUMBER 2013-001  
(Continued)**

- 3. 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 extend beyond the current year. More than one super blanket may be outstanding at a particular time for any line item appropriation.

The Village did not properly certify 50 percent of tested expenditures.

The Village should certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires authorizing 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 Section 5705.41(D) are satisfied. The Village should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2013-002**

**NONCOMPLIANCE CITATION**

**Appropriations**

**Ohio Rev. Code § 5705.38** provides that on or about the first day of the fiscal year, the taxing authority of each subdivision or taxing unit shall pass an appropriation measure, and thereafter during the year, it may pass any supplemental appropriation measure as it finds necessary, based on the revised budget or the official certificate of estimated resources or amendments of the certificate. **Ohio Revised Code Section 5705.39** provides in part that no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimated or amended official estimate. Also, **Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not adopt an appropriation measure for 2013 or 2012. As expenditures are limited by the appropriations established for each fund, all expenditures made by the Village in 2013 and in 2012 violated Ohio Revised Code requirements.

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 on a timely basis so that expenditures can be monitored and a county auditor certificate can be obtained as required. Expenditures should be limited to established appropriations at the legal level of control for each fund throughout the year.

**FINDING NUMBER 2013-003**

**NONCOMPLIANCE CITATION**

**Deficit Balance**

**Ohio Rev. Code § 5705.10(I)** provides in part that money paid into a fund must be used only for the purposes for which such fund has been established.

**FINDING NUMBER 2013-003  
 (Continued)**

The Village had a negative fund cash balance, indicating money from another fund was used to cover the expenses of the following fund:

<b>2012:</b>	
<b>Fund</b>	<b>Fund Balance</b>
Debt Service Fund	(3,488.69)
<b>2013:</b>	
Debt Service Fund	(3,488.69)

Village Council should review the finances and formulate a plan for the elimination of the deficit balances.

In addition, the Village should monitor all fund balances and limit spending appropriately. By restricting expenditures to the amounts available, the Village will prevent using restricted funds to cover the expenditures of other funds.

**FINDING NUMBER 2013-004**

**NONCOMPLIANCE CITATION/MATERIAL WEAKNESS**

**Bank Signatories**

**Ohio Adm. Code §117-2-01(A)** provides that states all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. According to OAC Section 117-2-01(B) "internal control" means a process affected by an entity's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the categories of reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets.

The Village does not have authorized signatory cards on file with bank which is viewed by our office to be a key internal control. The bank continues to cash village checks and accept deposits. Lack of authorized signatories increases the risk of theft and/or fraud of village assets.

We recommend the Village take the necessary steps to complete signature cards for all village bank accounts. This will strengthen control over the village assets and ensure only authorized village personnel have access to village monies.

**FINDING NUMBER 2013-005**

**Material Weakness**

**Posting Revenue and Expenditures**

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

The following weaknesses were noted and subsequent adjustments made to the financial statements and, where applicable, to the Village's accounting records:

**FINDING NUMBER 2013-005**  
**(Continued)**

**2012 Adjustments:**

<b>FUND</b>	<b>ACCOUNT TYPE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
General	Equity	\$11,956	Decrease Beginning Fund Balance/prior audit adjustment not made
General	Equity	205	Increase Beginning Fund Balance/prior audit adjustment not made
General	Other Revenue	100	Deposit amount posted incorrectly
General	Other Revenue	2,100	Bank returned deposit
General	General Government Expense	500	2011 check voided in 2012.
General	Miscellaneous Revenue	2,071	Bank account activity not on ledger
General	Community Environment Expense	1,832	Bank account activity not on ledger
Street, Maintenance, Repairs	Equity	15,437	Increase Beginning Fund Balance/prior audit adjustment not made.
Street, Maintenance, Repairs	Intergovernmental Revenue	387	Posted to General Fund-local tax revenue
Street, Maintenance, Repairs	Other Financing Uses	453	Deposit in Transit voided
Street, Maintenance, Repairs	Transportation Expenses	387	2011 check voided in 2012.
Fire Levy	Equity	700	Increase Beginning Fund Balance/ prior audit adjustment not made
Fire Levy	Other Financing Sources	1,000	2011 check voided in 2012
Debt Service	Equity	3,946	Increase Beginning Fund Balance/prior audit adjustment not made
Agency	Equity	440	Increase Beginning Balance/prior audit adjustment not made

**2012 Reclassification:**

<b>FUND</b>	<b>ACCOUNT TYPE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
Debt Service	Ending Equity	(3,488)	Reclassify as Unassigned
Street, Maintenance, Repairs	Intergovernmental Revenue	4,400	Misclassified as Local Tax

**FINDING NUMBER 2013-005  
 (Continued)**

**2013 Adjustments:**

<b>FUND</b>	<b>ACCOUNT TYPE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
Street, Maintenance, Repairs	Intergovernmental Revenue	\$441	Posted to General Fund- Intergovernmental Revenue
General	Equity	440	Increase, Mayors Court has been closed for years
General	Miscellaneous Revenue	1,288	Bank account activity not on ledger
General	Community Environment Expense	1,485	Bank account activity not on ledger
Agency	Equity	440	Decrease, Mayors Court has been closed for years.

**2013 Reclassification:**

<b>FUND</b>	<b>ACCOUNT TYPE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
Debt Service	Ending Equity	(3,489)	Reclassify as Unassigned
Street, Maintenance, Repairs	Intergovernmental Revenue	2,006	Posted as Local Taxes
Street, Maintenance, Repairs	Intergovernmental Revenue	1,844	Posted as Local Taxes

The Fiscal Officer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported.

Officials' Response: We did not receive a response from officials to the findings reported above.

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**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 and 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Ohio Revised Code Section 5705.41(D) Disbursements were not properly certified.	No	Reissued as Finding Number 2013-001
2011-002	Ohio Revised Code Section 5705.38,39 & 41B	No	Reissued as Finding Number 2013-002
2011-003	Ohio Revised Code Section 5705.36	Yes	
2011-004	Posting Revenue and Expenditures. Material adjustments were made to the financial statements.	No	Reissued as Finding Number 2013-004

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# Dave Yost • Auditor of State

**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  
DECEMBER 11, 2014**