



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY

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**STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of South Bloomfield
Pickaway County
5023 South Union Street
South Bloomfield, Ohio 43103

To the Village Council:

We have audited the accompanying financial statements of the Village of South Bloomfield, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. 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.

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

We were unable to obtain sufficient evidence matter to satisfy ourselves on the completeness of the Charges for Service receipts stated as \$345,744, in the Enterprise Fund, for the fiscal year ended December 31, 2000.

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

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to examine sufficient evidential matter to determine the completeness and valuation of the charges for service receipts, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

May 17, 2002

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	109,865	-	-	109,865
Intergovernmental Receipts	47,271	33,927	156,809	238,007
Charges for Services	77,322	-	-	77,322
Fines, Licenses, and Permits	83,711	-	-	83,711
Earnings on Investments	7,927	824	-	8,751
Miscellaneous	1,321	-	-	1,321
Total Cash Receipts	<u>327,417</u>	<u>34,751</u>	<u>156,809</u>	<u>518,977</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	99,549	-	-	99,549
Public Health Services	1,837	-	-	1,837
Leisure Time Activities	4,039	-	-	4,039
Community Environment	3,537	-	-	3,537
Basic Utility Services	67,037	-	-	67,037
Transportation	31,032	15,975	-	47,007
General Government	92,788	-	-	92,788
Debt Service:				
Financing and Other Debt-Service	7,522	3,163	-	10,685
Capital Outlay	-	7,976	137,285	145,261
Total Cash Disbursements	<u>307,341</u>	<u>27,114</u>	<u>137,285</u>	<u>471,740</u>
Total Receipts Over/(Under) Disbursements	20,076	7,637	19,524	47,237
Fund Cash Balances, January 1	<u>3,758</u>	<u>13,922</u>	<u>-</u>	<u>17,680</u>
Fund Cash Balances, December 31	<u>\$ 23,834</u>	<u>\$ 21,559</u>	<u>\$ 19,524</u>	<u>\$ 64,917</u>

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

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS AND
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Enterprise</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	440,639	-	440,639
Miscellaneous	-	-	-
Total Operating Cash Receipts	<u>440,639</u>	<u>-</u>	<u>440,639</u>
Operating Cash Disbursements:			
Personal Services	54,410	-	54,410
Contractual Services	60,332	-	60,332
Supplies and Materials	38,045	-	38,045
Capital Outlay	30,157	-	30,157
Total Operating Cash Disbursements	<u>182,944</u>	<u>-</u>	<u>182,944</u>
Operating Income/(Loss)	<u>257,695</u>	<u>-</u>	<u>257,695</u>
Non-Operating Cash Receipts:			
Interest	7,744	-	7,744
Tap Fees	139,592	-	139,592
Mayor's Court Receipts	-	79,441	79,441
Total Non-Operating Cash Receipts	<u>147,336</u>	<u>79,441</u>	<u>226,777</u>
Non-Operating Cash Disbursements:			
Debt Service	288,274	-	288,274
Mayor's Court Disbursements	-	80,109	80,109
Total Non-Operating Cash Disbursements	<u>288,274</u>	<u>80,109</u>	<u>368,383</u>
Net Receipts Over/(Under) Disbursements	116,757	(668)	116,089
Fund Cash Balances, January 1	<u>237,493</u>	<u>7,212</u>	<u>244,705</u>
Fund Cash Balances, December 31	<u><u>\$ 354,250.00</u></u>	<u><u>\$ 6,544.00</u></u>	<u><u>\$ 360,794.00</u></u>

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

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 101,776	\$ -	\$ -	\$ 101,776
Intergovernmental Receipts	58,981	32,368	-	91,349
Charges for Services	71,790	-	-	71,790
Fines, Licenses, and Permits	88,558	-	-	88,558
Interest	9,166	566	-	9,732
Miscellaneous	9,836	-	-	9,836
	<u>340,107</u>	<u>32,934</u>	<u>-</u>	<u>373,041</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	170,229	-	-	170,229
Public Health Services	1,669	-	-	1,669
Leisure Time Activities	3,718	-	-	3,718
Community Environment	10,018	-	-	10,018
Basic Utility Services	62,238	-	-	62,238
Transportation	33,204	12,506	-	45,710
General Government	141,280	-	-	141,280
Debt Service:				
Financing and Other Debt-Service Related	6,268	5,457	-	11,725
Capital Outlay	24,970	19,675	-	44,645
	<u>453,594</u>	<u>37,638</u>	<u>-</u>	<u>491,232</u>
Total Receipts Over/(Under) Disbursements	<u>(113,487)</u>	<u>(4,704)</u>	<u>-</u>	<u>(118,191)</u>
Other Financing Receipts and (Disbursements):				
Sale of Note	20,000	-	-	20,000
Transfers-In	-	8,200	-	8,200
Transfers-Out	(8,200)	-	(799)	(8,999)
	<u>11,800</u>	<u>8,200</u>	<u>(799)</u>	<u>19,201</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(101,687)	3,496	(799)	(98,990)
Fund Cash Balances, January 1	105,445	10,426	799	116,670
Fund Cash Balances, December 31	<u>\$ 3,758</u>	<u>\$ 13,922</u>	<u>\$ -</u>	<u>\$ 17,680</u>
Reserves for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 3,800</u>	<u>\$ -</u>	<u>\$ 3,800</u>

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

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS AND
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 345,744	\$ -	\$ 345,744
Miscellaneous	100	-	100
Total Operating Cash Receipts	<u>345,844</u>	<u>-</u>	<u>345,844</u>
Operating Cash Disbursements:			
Personal Services	43,016	-	43,016
Contractual Services	64,716	-	64,716
Supplies and Materials	12,012	-	12,012
Capital Outlay	1,659	-	1,659
Total Operating Cash Disbursements	<u>121,403</u>	<u>-</u>	<u>121,403</u>
Operating Income/(Loss)	<u>224,441</u>	<u>-</u>	<u>224,441</u>
Non-Operating Cash Receipts:			
Interest	7,287	-	7,287
Tap in Fees	80,329	-	80,329
Mayor's Court Receipts	-	97,679	97,679
Total Non-Operating Cash Receipts	<u>87,616</u>	<u>97,679</u>	<u>185,295</u>
Non-Operating Cash Disbursements:			
Debt Service	278,274	-	278,274
Mayor's Court Disbursements	-	96,274	96,274
Total Non-Operating Cash Disbursements	<u>278,274</u>	<u>96,274</u>	<u>374,548</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	<u>33,783</u>	<u>1,405</u>	<u>35,188</u>
Transfers-In	<u>799</u>	<u>-</u>	<u>799</u>
Net Receipts Over/(Under) Disbursements	34,582	1,405	35,987
Fund Cash Balances, January 1	<u>202,911</u>	<u>5,807</u>	<u>208,718</u>
Fund Cash Balances, December 31	<u>\$ 237,493</u>	<u>\$ 7,212</u>	<u>\$ 244,705</u>

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

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of South Bloomfield, Pickaway County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are included in cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio is recorded at share value reported by the mutual fund.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. Village had the following significant capital project funds:

Construction Fund - This fund received proceeds from the State of Ohio and from Dairy Mart. The proceeds are being used for road construction.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Water and Sewer Debt Service Funds – Receives charges for services from residents to retire debt.

5. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Mayor's Court Fund – Received revenues paid to the Village Mayor's Court for traffic fines, penalties, and court cost assessed to motorist.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio Revised Code Section 5705.41(D).

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$84,892	\$74,357
Certificates of deposit	82,931	130,299
Total deposits	167,823	204,656
STAR Ohio	257,888	57,729
Total investments	257,888	57,729
Total deposits and investments	\$425,711	\$262,385

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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.

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$358,048	\$327,417	(\$30,631)
Special Revenue	31,450	34,751	3,301
Capital Projects	200,000	156,809	(43,191)
Enterprise	389,628	587,975	198,347
Total	<u>\$979,126</u>	<u>\$1,106,952</u>	<u>\$127,826</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$359,233	\$307,341	\$51,892
Special Revenue	27,688	27,115	573
Capital Projects	200,000	137,285	62,715
Enterprise	476,424	471,218	5,206
Total	<u>\$1,063,345</u>	<u>\$942,959</u>	<u>\$120,386</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$295,000	\$360,128	\$65,128
Special Revenue	31,400	32,934	1,534
Enterprise	384,500	434,259	49,759
Total	<u>\$710,900</u>	<u>\$827,321</u>	<u>\$116,421</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$400,350	\$453,594	(\$53,244)
Special Revenue	41,500	41,438	62
Enterprise	447,474	399,677	47,797
Total	<u>\$889,324</u>	<u>\$894,709</u>	<u>(\$5,385)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation in various funds. This is not in compliance with Ohio Rev. Code Section 5705.41(B).

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of .05 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 0250	\$1,463,442	2.00%
Ohio Water Development Authority Loan 1000NR	855,533	7.21%
Ohio Water Development Authority Loan 1001NR	263,795	7.14%
Ohio Water Development Authority Loan 1001NRS2	111,368	7.38%
Ohio Public Works Commission Loan CQ017	208,575	0.00%
Ohio Water Development Authority Loan 1001NRS	290,173	6.51%
Bank Loan 3942	33,444	5.75%
Bank Loan 5005644	8,351	8.00%
Total	<u>\$3,234,681</u>	

The Ohio Water Development Authority (OWDA) loans relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$3,475,331 in loans to the Village for this project. The loans will be repaid in semiannual installments as noted in the following tables, including interest, over 20 years. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. DEBT (Continued)

Ohio Public Works Commission (OPWC) Loan and Bank Loan 3942 also relate to the water and sewer plant expansion. Bank Loan 5005644 was for the purchase of a police cruiser.

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

	OWDA Loan 0250	OWDA Loan 1000 NR	OWDA Loan 1001 NR	OWDA Loan 1001 NRS
Year ending December 31:				
2002	84,422	90,344	27,282	28,720
2003	84,422	90,344	27,282	28,720
2004	84,422	90,344	27,282	28,720
2005	84,422	90,344	27,282	28,720
2006	84,422	90,344	27,282	28,720
2007 -- 2011	422,111	451,720	136,411	143,600
2012 -- 2016	422,111	451,720	136,411	143,600
2017 -- 2021	422,111	135,516	54,564	57,438
2022--2023	126,633	0	0	0
Total	<u>\$1,815,076</u>	<u>\$1,490,676</u>	<u>\$463,796</u>	<u>\$488,238</u>

	OWDA Loan 1001 NRS2	OPWC CQ017	Bank Loan 3942	Bank Loan 5005644
Year ending December 31:				
2002	11,709	19,745	23,156	7,522
2003	11,709	19,745	23,156	1,254
2004	11,709	19,745	0	0
2005	11,709	19,745	0	0
2006	11,709	19,745	0	0
2007 --2011	58,545	98,725	0	0
2012 -- 2016	58,545	98,725	0	0
2017 -- 2021	23,418	19,745	0	0
Total	<u>\$199,053</u>	<u>\$315,920</u>	<u>\$46,312</u>	<u>\$8,776</u>

In addition to the debt described above, all outstanding debt incurred for the purchase of a tractor from bank loan 3859 was retired in 2001.

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Village of South Bloomfield
Pickaway County
5023 South Union Street
South Bloomfield, Ohio 43103

To the Village Council:

We have audited the accompanying financial statements of the Village of South Bloomfield, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 17, 2002, wherein we noted we were unable to obtain sufficient evidence to determine the completeness of the charges for service receipts reported on the financial statements of the Enterprise Fund for the year ended December 31, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2001-30665-001 and 2001-30665-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-30665-003 and 2001-30665-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessary disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessary disclose all reportable conditions that are also considered to be material weaknesses. Of the conditions described above, we consider item number 2001-30665-003 to be a material weakness. Also, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 17, 2002.

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



JIM PETRO
Auditor of State

May 17, 2002

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2001-30665-001
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Expenditures Exceeding Appropriations

The Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The following funds had expenditures that exceeded appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
2000			
General	\$400,350	\$453,594	(\$53,244)
State Highway Fund	1,000	2,589	(1,589)
2001			
Water Fund	107,000	110,212	(3,213)
Water Debt Fund	120,219	130,219	(10,000)
Permissive Fund	\$2,000	\$2,510	(510)

We recommend the Village not expend monies prior to obtaining spending authority by the authoritative body to comply with Ohio Rev. Code Section 5705.41(B). This matter was cited in the 1999-98 audit.

FINDING NUMBER	2001-30665-002
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Fiscal Officer Certification

The Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawful appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the (entity) 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, is such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the (legislative authority) upon completion of a then and now certificate.

VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)

FINDING NUMBER	2001-30665-002, (Continued)
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Fiscal Officer Certification, (Continued)

Thirty five percent of the transactions reviewed were not certified prior to the purchase commitment. There was no indication a “then and now” certificate was issued.

We recommend the Village issue a purchase order with the signature of the fiscal officer prior to making any purchase commitment. In those events when commitments are made prior to obtaining the fiscal officer certificate, the Village should employ the allowable provision of law under this section, Oho Rev. Code Section 5705.41(D), and secure a “ then and now “ certificate. This matter was cited in the 1999-98 audit.

FINDING NUMBER	2001-30665-003
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Meter Usage Logs- Charges for Services

The Village’s meter reader documents water and sewer (Charges for Service) usage on the meter usage log. The log’s information is used to calculate customer utility billings and is considered the source document for determining customer billings. The logs were discarded by the Village for the year ended December 31, 2000. Therefore, we were unable to satisfy ourselves on the completeness of the customer billings for this period, and consequently prove all receipts were reflected in the accompanying financial statements for the year ended December 31, 2000.

The Village should maintain financial records at least until they are audited and for the period mandated by the records retention policy approved by Council.

We recommend the Village maintain all financial records for a period to comply with the records retention policy.

VILLAGE OF SOUTH BLOOMFIELD
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)

FINDING NUMBER	2001-30665-004
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Segregation of Duties- Charges for Services, Income Tax Receipts

A Village employee performs the incompatible duties of data entering the water and sewer usage data into the computer to calculate billing statements, collecting and posting the monies paid by customers and making the cash deposits to the bank. The same employee collects, posts and makes cash deposits for the Village's income tax collections. There is no apparent management oversight or any budget to actual review performed by management, or Council, to ensure monies are properly collected, posted to the general ledger and deposited to the bank for the services rendered or taxes collected. These duties should be segregated to aid in the prevention of error, misappropriation and possible theft.

We recommend the Village segregate the billing, collecting, recording, and depositing of water, sewer, and income taxes collections to more than one employee. Also, management should devise a system to monitor these financial activities with anticipated benchmark to ensure all monies are collected, recorded in the financial statements, and deposited in the bank.

**VILLAGE OF SOUTH BLOOMFIELD
PICKAWY COUNTY**

SCHEDULE OF PRIOR AUDIT FINDING

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-001	Ohio Rev. Code Section 5705.10 The Village did not record proceeds from the sale of public debt into a special fund for the purpose of such issue.	Yes	



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OFFICE OF THE AUDITOR

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VILLAGE OF SOUTH BLOOMFIELD

PICKAWAY 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
JULY 25, 2002**