

VILLAGE OF BLOOMDALE
WOOD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004



Mary Taylor, CPA

Auditor of State

Village Council
Village of Bloomdale
102 Maple Street, Box 186
Bloomdale, Ohio 44817-0186

We have reviewed the *Independent Auditors' Report* of the Village of Bloomdale, Wood County, prepared by Holbrook & Manter, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Bloomdale is responsible for compliance with these laws and regulations.

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Mary Taylor, CPA
Auditor of State

May 8, 2007

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of Bloomdale
Wood County

We have audited the accompanying financial statements of the Village of Bloomdale, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2005 and 2004. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Bloomdale, Wood County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2007 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The image shows a handwritten signature in black ink that reads "Shuller & Manton". The signature is written in a cursive, flowing style.

Certified Public Accountants

March 30, 2007

VILLAGE OF BLOOMDALE
WOOD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2005

| | <u>Governmental Fund Types</u> | | | Total (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash receipts:- | | | | |
| Property and other Local Taxes | \$ 35,408 | \$ 0 | \$ 0 | \$ 35,408 |
| Municipal Income Taxes | 99,435 | 0 | 0 | 99,435 |
| Intergovernmental | 35,124 | 28,627 | 0 | 63,751 |
| Charges for services | 38,577 | 0 | 0 | 38,577 |
| Fines, licenses, and permits | 2,146 | 5,220 | 0 | 7,366 |
| Earnings on investments | 8,369 | 305 | 0 | 8,674 |
| Miscellaneous | 7,220 | 0 | 0 | 7,220 |
| Total cash receipts | 226,279 | 34,152 | 0 | 260,431 |
| Cash disbursements:- | | | | |
| Current: | | | | |
| Security of persons and property | 62,641 | 0 | 0 | 62,641 |
| Public health services | 343 | 0 | 0 | 343 |
| Leisure time activities | 7,671 | 0 | 0 | 7,671 |
| Transportation | 0 | 32,633 | 0 | 32,633 |
| General government | 174,191 | 0 | 0 | 174,191 |
| Capital outlay | 0 | 0 | 24,576 | 24,576 |
| Debt Service: | | | | |
| Redemption of principal | 30,000 | 0 | 0 | 30,000 |
| Interest | 2,039 | 0 | 0 | 2,039 |
| Total cash disbursements | 276,885 | 32,633 | 24,576 | 334,094 |
| Total receipts over (under) cash disbursements | (50,606) | 1,519 | (24,576) | (73,663) |
| Other financing receipts (disbursements):- | | | | |
| Sale of Bonds and Notes | 60,000 | 0 | 0 | 60,000 |
| Sale of Fixed Assets | 1,200 | 0 | 0 | 1,200 |
| Transfers-In | 20,000 | 0 | 45,248 | 65,248 |
| Transfers-Out | (65,248) | 0 | 0 | (65,248) |
| Other financing sources | 130 | 0 | 0 | 130 |
| Total other financing receipts (disbursements) | 16,082 | 0 | 45,248 | 61,330 |
| Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements | (34,524) | 1,519 | 20,672 | (12,333) |
| Fund cash balances, January 1, 2005 | 101,376 | 83,154 | 50,321 | 234,851 |
| Fund cash balances, December 31, 2005 | \$ 66,852 | \$ 84,673 | \$ 70,993 | \$ 222,518 |
| Reserve for encumbrances, December 31, 2005 | \$ 3,854 | \$ 0 | \$ 0 | \$ 3,854 |

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

**VILLAGE OF BLOOMDALE
WOOD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2005

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Total (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|--|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts:- | | | |
| Charges for services | \$ 721,986 | \$ 28,072 | \$ 750,058 |
| Earnings on investments | 759 | 0 | 759 |
| Miscellaneous | 22,039 | 0 | 22,039 |
| Total operating cash receipts | 744,784 | 28,072 | 772,856 |
| Operating Cash Disbursements:- | | | |
| Personal services | 135,944 | 0 | 135,944 |
| Contractual services | 335,650 | 33,900 | 369,550 |
| Supplies and materials | 40,360 | 0 | 40,360 |
| Capital outlay | 983,787 | 0 | 983,787 |
| Total operating cash disbursements | 1,495,741 | 33,900 | 1,529,641 |
| Operating income (loss) | (750,957) | (5,828) | (756,785) |
| Non-Operating Cash Receipts:- | | | |
| Sale of Notes and Bonds | 412,260 | 0 | 412,260 |
| Intergovernmental receipts | 664,820 | 0 | 664,820 |
| Other non-operating receipts | 427 | 0 | 427 |
| Total non-operating cash receipts | 1,077,507 | 0 | 1,077,507 |
| Non-Operating Cash Disbursements:- | | | |
| Redemption of principal | 144,726 | 0 | 144,726 |
| Interest | 33,449 | 0 | 33,449 |
| Other non-operating disbursements | 3,660 | 0 | 3,660 |
| Total non-operating cash disbursements | 181,835 | 0 | 181,835 |
| Net receipts over (under) disbursements | 144,715 | (5,828) | 138,887 |
| Fund cash balances, January 1, 2005 | 222,714 | 18,522 | 241,236 |
| Fund cash balances, December 31, 2005 | <u>\$ 367,429</u> | <u>\$ 12,694</u> | <u>\$ 380,123</u> |
| Reserve for encumbrances, December 31, 2005 | <u>\$ 2,693</u> | <u>\$ 0</u> | <u>\$ 2,693</u> |

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

VILLAGE OF BLOOMDALE
WOOD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2004

| | <u>Governmental Fund Types</u> | | | Total (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash receipts:- | | | | |
| Property and other Local Taxes | \$ 33,723 | \$ 0 | \$ 0 | \$ 33,723 |
| Municipal Income Taxes | 89,771 | 0 | 0 | 89,771 |
| Intergovernmental | 75,457 | 27,363 | 0 | 102,820 |
| Charges for services | 33,260 | 0 | 0 | 33,260 |
| Fines, licenses, and permits | 1,751 | 5,578 | 0 | 7,329 |
| Earnings on investments | 4,064 | 381 | 0 | 4,445 |
| Miscellaneous | 5,781 | 0 | 0 | 5,781 |
| Total cash receipts | 243,807 | 33,322 | 0 | 277,129 |
| Cash disbursements:- | | | | |
| Current: | | | | |
| Security of persons and property | 49,181 | 0 | 0 | 49,181 |
| Public health services | 388 | 0 | 0 | 388 |
| Leisure time activities | 9,790 | 0 | 0 | 9,790 |
| Transportation | 0 | 17,771 | 0 | 17,771 |
| General government | 107,026 | 0 | 0 | 107,026 |
| Capital outlay | 0 | 0 | 27,657 | 27,657 |
| Debt Service: | | | | |
| Redemption of principal | 20,000 | 0 | 0 | 20,000 |
| Interest | 1,582 | 0 | 0 | 1,582 |
| Total cash disbursements | 187,967 | 17,771 | 27,657 | 233,395 |
| Total receipts over (under) cash disbursements | 55,840 | 15,551 | (27,657) | 43,734 |
| Other financing receipts (disbursements):- | | | | |
| Transfers-in | 0 | 0 | 40,082 | 40,082 |
| Transfers-out | (40,082) | 0 | 0 | (40,082) |
| Other financing sources | 465 | 0 | 0 | 465 |
| Total other financing receipts (disbursements) | (39,617) | 0 | 40,082 | 465 |
| Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements | 16,223 | 15,551 | 12,425 | 44,199 |
| Fund cash balances, January 1, 2004 | 85,153 | 67,603 | 37,896 | 190,652 |
| Fund cash balances, December 31, 2004 | \$ 101,376 | \$ 83,154 | \$ 50,321 | \$ 234,851 |
| Reserve for encumbrances, December 31, 2004 | \$ 1,130 | \$ 326 | \$ 0 | \$ 1,456 |

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

VILLAGE OF BLOOMDALE
WOOD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2004

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | Total (Memorandum Only) |
|--|----------------------------------|--------------------------------|--|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts:- | | | |
| Charges for services | \$ 627,302 | \$ 28,143 | \$ 655,445 |
| Earnings on investments | 375 | 0 | 375 |
| Miscellaneous | 8,599 | 0 | 8,599 |
| | <hr/> | <hr/> | <hr/> |
| Total operating cash receipts | 636,276 | 28,143 | 664,419 |
| Operating Cash Disbursements:- | | | |
| Personal services | 133,543 | 0 | 133,543 |
| Contractual services | 278,630 | 29,753 | 308,383 |
| Supplies and materials | 41,437 | 0 | 41,437 |
| Capital outlay | 27,031 | 0 | 27,031 |
| | <hr/> | <hr/> | <hr/> |
| Total operating cash disbursements | 480,641 | 29,753 | 510,394 |
| Operating income (loss) | 155,635 | (1,610) | 154,025 |
| Non-Operating Cash Receipts:- | | | |
| Sale of Notes and Bonds | 17,659 | 0 | 17,659 |
| Intergovernmental receipts | 5,421 | 0 | 5,421 |
| Miscellaneous | 0 | 213 | 213 |
| Other non-operating receipts | 632 | 0 | 632 |
| | <hr/> | <hr/> | <hr/> |
| Total non-operating cash receipts | 23,712 | 213 | 23,925 |
| Non-Operating Cash Disbursements:- | | | |
| Redemption of principal | 58,652 | 0 | 58,652 |
| Interest | 37,148 | 0 | 37,148 |
| Other non-operating disbursements | 3,467 | 0 | 3,467 |
| | <hr/> | <hr/> | <hr/> |
| Total non-operating cash disbursements | 99,267 | 0 | 99,267 |
| Net receipts over (under) disbursements | 80,080 | (1,397) | 78,683 |
| Fund cash balances, January 1, 2004 | 142,634 | 19,919 | 162,553 |
| | <hr/> | <hr/> | <hr/> |
| Fund cash balances, December 31, 2004 | \$ 222,714 | \$ 18,522 | \$ 241,236 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Reserve for encumbrances, December 31, 2004 | \$ 20,317 | \$ 48 | \$ 20,365 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** - The Village of Bloomdale, Wood 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 electric, water and sewer utilities, park operations, police, fire, and emergency medical services. The Village appropriates general fund money to support a volunteer fire department and police department.

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).
- C. **Cash and Investments** - Certificates of deposit are valued at cost.
- 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:

General Fund

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

Special Revenue Funds

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.

State Highway Improvement Fund

This fund receives .075 percent of gasoline and motor vehicle tax money for maintaining and repairing State Route 18 thru the Village.

Permissive Tax

This fund is from motor vehicle license for constructing, maintaining and repairing Village streets.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund.

Capital Improvement Fund

This fund receives one half of the proceeds of a 1 percent municipal income tax. The proceeds are used for capital improvements.

**VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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.

Electric Fund

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

Emergency Medical Service

This fund receives charges for service and contracts to provide this service. PSCO, Sandusky, Ohio does the billing for this fund.

Water System Improvement

This fund receives grant money and loan proceeds from the Ohio Water Development Authority to finance the plant improvements.

Fiduciary Funds (Agency Funds)

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

Refuse Fund

This fund accounts for contracted collections and remittance to a refuse collector.

E. Budgetary Process - The Ohio Revised Code requires that each fund be budgeted annually.

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.

Estimated Resources

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

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.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

- 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.

NOTE 2 - EQUITY IN POOLED CASH:-

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

| | <u>2005</u> | <u>2004</u> |
|--------------------------|-------------------|-------------------|
| Demand deposits | \$ 361,120 | \$ 259,157 |
| Certificates of deposit | <u>241,521</u> | <u>216,930</u> |
| Total fund cash balances | <u>\$ 602,641</u> | <u>\$ 476,087</u> |

Deposits – The Village's deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the year ending December 31, 2005 was as follows:

2005 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|--------------------------|
| General | \$ 283,588 | \$ 307,609 | \$ 24,021 |
| Special Revenue | 33,800 | 34,152 | 352 |
| Capital Projects | 40,000 | 45,248 | 5,248 |
| Proprietary | 1,615,725 | 1,822,291 | 206,566 |
| Fiduciary | <u>29,200</u> | <u>28,072</u> | <u>(1,128)</u> |
| Total | \$ <u>2,002,313</u> | \$ <u>2,237,372</u> | \$ <u>235,059</u> |

2005 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|--------------------------|
| General | \$ 383,834 | \$ 345,987 | \$ 37,847 |
| Special Revenue | 116,628 | 32,633 | 83,995 |
| Capital Projects | 90,321 | 24,576 | 65,745 |
| Proprietary | 1,818,122 | 1,680,269 | 137,853 |
| Fiduciary | <u>47,463</u> | <u>33,900</u> | <u>13,563</u> |
| Total | \$ <u>2,456,368</u> | \$ <u>2,117,365</u> | \$ <u>339,003</u> |

**VILLAGE OF BLOOMDALE
WOOD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 3 - BUDGETARY ACTIVITY:- (continued)

Budgetary activity for the year ending December 31, 2004 was as follows:

2004 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|----------------------|
| General | \$ 172,034 | \$ 244,272 | \$ 72,238 |
| Special Revenue | 28,800 | 33,322 | 4,522 |
| Capital Projects | 33,500 | 40,082 | 6,582 |
| Proprietary | 1,142,850 | 659,988 | (482,862) |
| Fiduciary | 29,800 | 28,356 | (1,444) |
| Total | \$ 1,406,984 | \$ 1,006,020 | \$ (400,964) |

2004 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|-------------------|
| General | \$ 249,481 | \$ 229,179 | \$ 20,302 |
| Special Revenue | 96,062 | 18,097 | 77,965 |
| Capital Projects | 71,396 | 27,657 | 43,739 |
| Proprietary | 1,264,828 | 600,225 | 664,603 |
| Fiduciary | 48,513 | 29,801 | 18,712 |
| Total | \$ 1,730,280 | \$ 904,959 | \$ 825,321 |

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the 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 semi-annual payments, the first half must be postmarked by February 24. The second half payment is due by the following July 14.

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.

NOTE 5 - LOCAL INCOME TAX:-

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

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

NOTE 6 - DEBT:-

Debt outstanding at December 31, 2005 was as follows:

| | Rate | Principal Balance 12/31/2005 |
|---------------------------------------|-------------|---|
| Ohio Water Development Authority Loan | 7.84% | \$ 368,855 |
| Ohio Water Development Authority Loan | 2.00% | 373,025 |
| Ohio Public Works Commission | 3.00% | 124,527 |
| Ohio Public Works Commission | 0.00% | 18,309 |
| Key Bank Promissory Note | 3.23% | 50,000 |
| | | \$ 934,716 |

During 2003, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for sewer plant construction. The original amount of the loan was \$492,808. The loans will be repaid in semiannual installments of \$42,619, including interest over 20 years and has an interest rate of 7.84%. This loan was approved for the interest subsidy program on May 29, 2003 to benefit local governments with outstanding loans that bear interest higher than 7%. The loan was effectively reduced from 7.84% to 7%, with the portion above 7% being paid by OWDA. The Village will realize a savings from the interest subsidy of \$20,258 over the remaining life of the loan after May, 2003. As of December 31, 2005, the total outstanding balance was \$368,855.

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 6 - DEBT:- (continued)

During 2005, a water system improvement loan was entered into with the Ohio Water Development Authority in the amount of \$373,025. The loan will be repaid in annual installments over 30 years as set forth within the amortization schedule, with the first payment being due on July 1, 2006. As of December 31, 2005, the total outstanding balance on the loan was \$373,025.

During 1995, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) for waterline and water tower replacement. The original amount of the loan was \$218,701 and will be repaid in semiannual installments of \$7,253, including interest over the 19.5 years at a rate of 3.00%. As of December 31, 2005, the total outstanding balance on the loan was \$124,527.

During 2005, the Village entered into a second loan agreement with the Ohio Public Works Commission (OPWC) for water system improvements. The original amount of the loan was \$18,309 and has a 0% interest rate. The loan will be repaid in semiannual installment of \$458 beginning January 1, 2007.

In March 2005, the Village entered into a promissory loan agreement with Key Bank for \$60,000 to purchase an International dump truck at an interest rate of 3.23%. The Village will repay principal and interest semi-annually each year, with the last principal installment due on April 30, 2008. The outstanding balance as of December 31, 2005 was \$50,000.

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

| Year ending December 31, | OWDA Loans | | OPWC Loans | | Key Bank | | Total | |
|-----------------------------|-------------------|-------------------|-------------------|------------------|------------------|-----------------|-------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2006 | \$ 61,834 | \$ 37,086 | \$ 10,851 | \$ 3,655 | \$ 20,000 | \$ 1,468 | \$ 92,685 | \$ 42,209 |
| 2007 | 70,183 | 29,211 | 12,095 | 3,327 | 20,000 | 813 | 102,278 | 33,351 |
| 2008 | 75,135 | 24,769 | 12,433 | 2,989 | 10,000 | 163 | 97,568 | 27,921 |
| 2009 | 80,464 | 19,990 | 12,781 | 2,641 | 0 | 0 | 93,245 | 22,631 |
| 2010 | 86,200 | 14,847 | 13,140 | 2,282 | 0 | 0 | 99,340 | 17,129 |
| 2011 - 2015 | 92,779 | 33,414 | 71,467 | 5,642 | 0 | 0 | 164,246 | 39,056 |
| 2016 - 2020 | 58,874 | 25,032 | 4,577 | 0 | 0 | 0 | 63,451 | 25,032 |
| 2021 & thereafter | 216,411 | 35,308 | 5,492 | 0 | 0 | 0 | 221,903 | 35,308 |
| | <u>\$ 741,880</u> | <u>\$ 219,657</u> | <u>\$ 142,836</u> | <u>\$ 20,536</u> | <u>\$ 50,000</u> | <u>\$ 2,444</u> | <u>\$ 934,716</u> | <u>\$ 242,637</u> |

NOTE 7 - RETIREMENT SYSTEMS:-

The Village's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants, as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, participants contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2005 and 2004. The Village has paid all contributions required through December 31, 2005.

VILLAGE OF BLOOMDALE
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 8 - RISK MANAGEMENT:-

The Village carries health insurance on employees through Medical Mutual of Ohio.

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

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

Property Coverage

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

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

The Village is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village Council
Village of Bloomdale
Wood County

We have audited the accompanying financial statements of the Village of Bloomdale, Wood County, Ohio (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated March 30, 2007, wherein we noted the Village followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

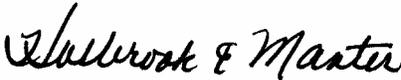
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to the management of the Village in a separate letter dated March 30, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated March 30, 2007.

We intended this report solely for the information and use of the management and Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Shuller & Manton". The script is cursive and elegant, with the ampersand being particularly stylized.

Certified Public Accountants

March 30, 2007



Mary Taylor, CPA
Auditor of State

VILLAGE OF BLOOMDALE

WOOD 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
MAY 22, 2007**