



Mary Taylor, CPA  
Auditor of State



VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of Bloomingdale  
Jefferson County  
PO Box 59  
Bloomingdale, Ohio 43910-0059

To Village Council:

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

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**Mary Taylor, CPA**  
Auditor of State

June 2, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Bloomingdale  
Jefferson County  
PO Box 59  
Bloomingdale, Ohio 43910

To Village Council:

We have audited the accompanying financial statements of Village of Bloomingdale, Jefferson County, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 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, 2009 and 2008, 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 of the Village of Bloomingdale, Jefferson County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2010, 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.



**Mary Taylor, CPA**  
Auditor of State

June 2, 2010

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$2,108	\$918			\$3,026
Intergovernmental	19,891	10,976			30,867
Charges for Services	100				100
Fines, Licenses and Permits	3,193				3,193
Earnings on Investments	1	1			2
Miscellaneous	2,807				2,807
Total Cash Receipts	<u>28,100</u>	<u>11,895</u>			<u>39,995</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	4,228	2,000			6,228
Public Health Services	1,177				1,177
Leisure Time Activities	1,156				1,156
Basic Utility Service	161	324			485
Transportation		13,990			13,990
General Government	11,994				11,994
Debt Service:					
Redemption of Principal	600				600
Total Cash Disbursements	<u>19,316</u>	<u>16,314</u>			<u>35,630</u>
Total Receipts Over/(Under) Disbursements	<u>8,784</u>	<u>(4,419)</u>			<u>4,365</u>
Fund Cash Balances, January 1	<u>(10,461)</u>	<u>30,486</u>	<u>(\$3,489)</u>	<u>\$313</u>	<u>16,849</u>
<b>Fund Cash Balances, December 31</b>	<u><b>(\$1,677)</b></u>	<u><b>\$26,067</b></u>	<u><b>(\$3,489)</b></u>	<u><b>\$313</b></u>	<u><b>\$21,214</b></u>

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

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$2,067	\$2,063			\$4,130
Intergovernmental	7,408	11,030			18,438
Fines, Licenses and Permits	2,200				2,200
Earnings on Investments	3				3
Miscellaneous	790		\$7		797
Total Cash Receipts	12,468	13,093	7		25,568
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	10,034				10,034
Public Health Services	499				499
Basic Utility Service		616			616
Transportation		15,095			15,095
General Government	20,761				20,761
Debt Service:					
Redemption of Principal	1,200				1,200
Total Cash Disbursements	32,494	15,711			48,205
Total Receipts Over/(Under) Disbursements	(20,026)	(2,618)	7		(22,637)
Fund Cash Balances, January 1	9,565	33,104	(3,496)	313	39,486
<b>Fund Cash Balances, December 31</b>	<b>(\$10,461)</b>	<b>\$30,486</b>	<b>(\$3,489)</b>	<b>\$313</b>	<b>\$16,849</b>

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, 2009 AND 2008**

**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 government, park operations, and police services. The Village contracts with the Bloomingdale Volunteer Fire Department to receive fire protection services.

The Village participates in the Public Entities Pool of Ohio. Note 7 to the financial statements provide additional information for this entity. This organization is:

Public Entities Pool of Ohio:

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. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**3. Debt Service Funds**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

Debt Service Fund – This fund was used to pay principal and interest on a note used for the purchase of a police cruiser.

**4. Capital Project Funds**

These funds account for Revenues restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Storm Water Construction Fund - This fund was used for the construction of storm sewers within the Village.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

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

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

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

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

	2009	2008
Demand deposits	\$21,214	\$16,849

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,000	\$28,100	\$14,100
Special Revenue	10,000	11,895	1,895
Total	\$24,000	\$39,995	\$15,995

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$19,316	(\$19,316)
Special Revenue		16,314	(16,314)
Total		\$35,630	(\$35,630)

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$12,468	\$12,468
Special Revenue		13,093	13,093
Debt Service		7	7
Total		\$25,568	\$25,568

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$32,494	(\$32,494)
Special Revenue		15,711	(15,711)
Total		\$48,205	(\$48,205)

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. BUDGETARY ACTIVITY - (Continued)**

Contrary to Ohio Revised Code Section 5705.38, the Village did not adopt appropriations for 2009 or 2008. As a result, all expenditures in all funds exceeded appropriations, which is contrary to Ohio Revised Code Section 5705.41(B). Also, contrary to Ohio Revised Code Section 5705.36, in 2008, the Village did not certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget from each fund created by or on behalf of the taxing authority.

**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 Revenues. 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.

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. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan # 2958	\$14,722	6.72%
Ohio Water Development Authority Loan # 2959	101,137	6.36%
Ohio Water Development Authority Loan # 2960	11,970	6.49%
Total	\$127,829	

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 8.

**6. RETIREMENT SYSTEM**

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

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. RETIREMENT SYSTEM - (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**7. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local Villages. 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 Villages pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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, 2008, 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 Village.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. RISK MANAGEMENT - (Continued)**

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member Villages in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$4,341.

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.

<b>Contributions to PEP</b>	
2007	\$4,776
2008	\$5,004
2009	\$4,475

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of 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.

**8. 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 a 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 and OWDA will freeze the interest so that interest will no longer accrue on the outstanding debt.

The Village's 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 had established. The Village has requested a revised payment schedule which would allow them to repay \$100 per month. The Village does not pay these payments in a timely manner and as of 12/31/09 they were behind eleven months in payments. At the current rate of repayment, the Village will not repay the debt per the agreement.

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)

**8. SUBSEQUENT EVENTS - (Continued)**

For the current debt, the Village is in contact with OWDA to provide the means for repayment. For future debts, the Village should not enter into any debt agreement without having a revenue source in place from which the debt will be repaid.

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# Mary Taylor, CPA

## Auditor of State

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

Village of Bloomingdale  
Jefferson County  
PO Box 59  
Bloomingdale, Ohio 43910

To Village Council:

We have audited the financial statements of the Village of Bloomingdale (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 2, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-004 described in the accompanying schedule of findings to be a material weakness.

We also noted certain matters that we reported to the Village's management in a separate letter dated June 2, 2010.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-003.

We also noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated June 2, 2010.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

June 2, 2010

VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Noncompliance Finding

**Ohio Revised Code Section 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 Clerk/Treasurer 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 Clerk/Treasurer. 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 Clerk/Treasurer's 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/Treasurer'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 Board 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 Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Council if such expenditure is otherwise valid.

2. **Blanket Certificate** – Clerk/Treasurers 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.
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 Clerk/Treasurer 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 a particular time for any line item appropriation.

The Village did not certify the amount against the applicable appropriation accounts for 100% of the tested expenditures in fiscal year 2009 or 2008. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Clerk/Treasurer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Village should certify purchases to which 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 Clerk/Treasurer should sign the certification prior to the Village incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Clerk/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

#### **Officials' Response**

Our Village does not use certificates. We cannot overspend, because we call our accountant and ask if the money is available. If it is not available, we don't spend it. If we used the certificate system, we would still be non-compliant, because we had no information from your auditors to be able to issue a proper certificate.

#### **Auditor of State's Analysis**

The Ohio Revised Code clearly requires that certificates are to be used. Ohio Revised Code Section 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 Clerk/Treasurer 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. It is the responsibility of the Clerk/Treasurer to prepare the certificates.

### **FINDING NUMBER 2009-002**

#### **Noncompliance Citation**

**Ohio Revised Code Section 5705.38** states 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 5705.41(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 2008 or 2009 and expenditures are limited by the appropriations established for each fund; therefore, all expenditures made by the Village in 2008 (\$48,205) and in 2009 (\$35,630) were not in compliance with the Ohio Revised Code.

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 so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to established appropriations for each fund.

#### **Officials' Response**

Appropriations were done, we just failed to enter them into the minutes. Copies were furnished to the auditors.

**FINDING NUMBER 2009-002  
 (Continued)**

**Auditor of State’s Analysis**

Ohio Revised Code Section 5705.38 requires that any appropriation measure or amendment thereto be passed by the taxing authority, the Village Council. An appropriation measure or amendment that has not been passed by the Council does not provide official appropriations for the Village. It is the responsibility of the Council to officially approve appropriations and to make sure the minutes reflect the Council’s action.

**FINDING NUMBER 2009-003**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.36** states that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget from each fund created by or on behalf of the taxing authority. The amount certified shall include any unencumbered balances that existed at the end of the preceding year.

The Village did not file the above certificate for fiscal year 2008 with the County Auditor as required. In 2009, the Village filed the certificate, but failed to do so on or about the first day of the year.

Failure to file the certificate could result in appropriations exceeding the amounts of available resources, overspending and negative cash balances. The Village should certify to the county auditor the total amount from all sources available for expenditures from each fund in a timely manner.

**Officials’ Response**

We agree that they were not done in a timely manner.

**FINDING NUMBER 2009-004**

**Material Weakness**

**Posting Revenues and Disbursements**

The Village did not post all revenues and disbursements properly in 2008 and 2009, resulting in adjustments and reclassifications to the financial statements for 2008 and 2009. The Village fiscal officer has agreed to the adjustments and reclassifications and has posted the adjustments to the Village’s accounting records. The corrected amounts are reflected in the accompanying financial statements.

**2008**

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Adjustments</b>			
Fire Levy	Local Taxes revenue	\$450	Recorded in Debt Service Fund.
State Highway	Intergovernmental revenue	\$128	Recorded in Street Construction, Maintenance, and Repair Fund.

Fund Name	Account Type	Amount	Description
<b>Reclassifications</b>			
General	Fines, Licenses, and Permits revenue	\$2,200	Recorded as Charges for Services and Miscellaneous revenues.
General	Debt Principal payments	\$1,200	Recorded as Debt Interest payments.
Street Construction, Maintenance, and Repair	Intergovernmental revenue	\$1,581	Recorded as Local Taxes.
Fire Levy	Security of Persons and Property disbursements	\$1,150	Recorded as Beginning Fund Balance Adjustment.

**2009**

<b>Adjustments</b>			
General	Cash Fund Balance	\$205	To reverse fund balance adjustment.
Street Construction, Maintenance, and Repair	Intergovernmental revenues	\$5,132	Recorded as Local Taxes in General Fund and Street Construction, Maintenance and Repair Fund.
Street Construction, Maintenance, and Repair	Cash Fund Balance	\$369	To reverse fund balance adjustment.
State Highway	Intergovernmental revenues	\$416	Recorded as Local Taxes in General Fund and Street Construction, Maintenance and Repair Fund.
General	Intergovernmental revenues	\$8,000	Posted twice on ledger.
General	Leisure Time Activities disbursements	\$8,000	Posted twice on ledger.
<b>Reclassifications</b>			
General	Fines, Licenses, and Permits revenue	\$2,100	Recorded as Miscellaneous revenue.
General	Principal Debt payment	\$600	Recorded as Leisure Time Activities disbursements.

Failure to consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Village Clerk/Treasurer 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. In addition, the Village should adopt procedures for the review of posting of transactions and subsequent posting to the financial statements.

**Officials' Response:**

The Fiscal Officer is already working to correct this issue.

**VILLAGE OF BLOOMINGDALE  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2007-001	Ohio Revised Code Section 5705.41 (D) Disbursements were not properly certified.	No	Cited again as Finding Number 2009-001.
2007-002	Ohio Revised Code Sections 5705.38 and 5705.41(B) The Village did not adopt an appropriation measure for either 2006 or 2007; therefore, disbursements exceeded appropriations in all funds.	No	Cited again as Finding Number 2009-002.
2007-003	Ohio Revised Code Section 5705.36 The Village did not file a certificate showing the total amount from all sources available for expenditures and the balances existing at the end of the year with the county auditor.	No	Cited again as Finding Number 2009-003.
2007-004	Expenditure Procedures - The Village's current system of completing expenditure transactions did not provide adequate documentation.	No	Partially addressed, issued in current management letter
2007-005	Proper classification of revenues and disbursements. Material adjustments were made to the financial statements.	No	Cited again as Finding Number 2009-004.





**Mary Taylor, CPA**  
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  
AUGUST 10, 2010**