



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

VILLAGE OF NEW BLOOMINGTON  
MARION COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2015 and 2014  
Fiscal Years Audited Under GAGAS: 2015 and 2014





# Dave Yost • Auditor of State

Village Council  
Village of New Bloomington  
P.O. Box 183  
New Bloomington, Ohio 43341-0183

We have reviewed the *Independent Auditors' Report* of the Village of New Bloomington, Marion County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2014 through December 31, 2015. 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.

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 New Bloomington is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

September 21, 2016

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**Village of New Bloomington  
Marion County**

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# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Independent Auditor's Report

Village of New Bloomington  
Marion County  
202 Buell Street  
P.O. Box 183  
New Bloomington, Ohio 43341-0183

To the Village Council:

### Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of New Bloomington, Marion County, (the Village) as of and for the years ended December 31, 2015 and 2014.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United State of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

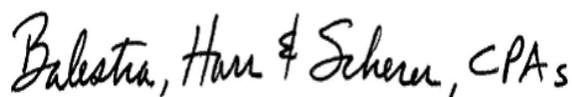
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of New Bloomington, Marion County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
June 24, 2016

**Village of New Bloomington  
Marion County**

Combined Statement of Receipts, Disbursements, and  
Changes in Fund Balances (Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2015

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$ 6,537	\$ 5,077	\$ 11,614
Municipal Income Tax	28,221	-	28,221
Intergovernmental	9,630	23,259	32,889
Fines, Licenses, and Permits	2,342	-	2,342
Earnings on Investments	245	216	461
Miscellaneous	1,386	-	1,386
	<u>48,361</u>	<u>28,552</u>	<u>76,913</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	9,278	4,000	13,278
Transportation	-	27,360	27,360
General Government	46,980	-	46,980
	<u>56,258</u>	<u>31,360</u>	<u>87,618</u>
<b>Total Cash Disbursements</b>			
Net Changes in Fund Cash Balances	(7,897)	(2,808)	(10,705)
<b>Fund Cash Balances, January 1</b>	<u>64,550</u>	<u>53,956</u>	<u>118,506</u>
Restricted	-	51,148	51,148
Unassigned	56,653	-	56,653
	<u>56,653</u>	<u>51,148</u>	<u>107,801</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 56,653</b></u>	<u><b>\$ 51,148</b></u>	<u><b>\$ 107,801</b></u>

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

**Village of New Bloomington  
Marion County**

Combined Statement of Receipts, Disbursements, and  
Changes in Fund Balances (Cash Basis)  
All Proprietary Fund Types  
For the Year Ended December 31, 2015

	Proprietary Fund Types
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 88,783
Total Operating Cash Receipts	88,783
<b>Operating Cash Disbursements:</b>	
Personal Services	9,005
Fringe Benefits	1,529
Contractual Services	32,236
Supplies and Materials	11,684
Total Operating Cash Disbursements	54,454
Operating Income	34,329
<b>Non-Operating Receipts (Disbursements):</b>	
Earnings on Investments	285
Debt Service:	
Principal Retirement	(15,000)
Interest and Fiscal Charges	(18,000)
Total Non-Operating Receipts (Disbursements)	(32,715)
Transfers in	23,000
Transfers out	(23,000)
	-
Net Change in Fund Cash Balance	1,614
<b>Fund Cash Balance, January 1</b>	98,865
<b>Fund Cash Balance, December 31</b>	<b>\$ 100,479</b>

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

**Village of New Bloomington  
Marion County**

Combined Statement of Receipts, Disbursements, and  
Changes in Fund Balances (Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2014

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$ 7,339	\$ 4,930	\$ 12,269
Municipal Income Tax	24,121	-	24,121
Intergovernmental	6,574	19,131	25,705
Fines, Licenses, and Permits	2,348	-	2,348
Earnings on Investments	225	375	600
Miscellaneous	793	-	793
<b>Total Cash Receipts</b>	<u>41,400</u>	<u>24,436</u>	<u>65,836</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	6,845	2,000	8,845
Leisure Time Activities	-	-	-
Transportation	-	10,190	10,190
General Government	32,872	-	32,872
<b>Total Cash Disbursements</b>	<u>39,717</u>	<u>12,190</u>	<u>51,907</u>
Total Cash Receipts Over/(Under) Cash Disbursements	1,683	12,246	13,929
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-Out	(7,600)	-	(7,600)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(7,600)</u>	<u>-</u>	<u>(7,600)</u>
Net Change in Cash Fund Balances	(5,917)	12,246	6,329
<b>Fund Cash Balances, January 1</b>	<u>70,467</u>	<u>41,710</u>	<u>112,177</u>
Restricted	-	53,956	53,956
Unassigned	64,550	-	64,550
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 64,550</b></u>	<u><b>\$ 53,956</b></u>	<u><b>\$ 118,506</b></u>

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

**Village of New Bloomington  
Marion County**

Combined Statement of Receipts, Disbursements, and  
Changes in Fund Balances (Cash Basis)  
All Proprietary Fund Types  
For the Year Ended December 31, 2014

	Proprietary Fund Types
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 88,895
Total Operating Cash Receipts	88,895
<b>Operating Cash Disbursements:</b>	
Personal Services	8,180
Fringe Benefits	1,093
Contractual Services	30,604
Supplies and Materials	13,425
Total Operating Cash Disbursements	53,302
Operating Income (Loss)	35,593
<b>Non-Operating Receipts (Disbursements):</b>	
Earnings on Investments	455
Debt Service:	
Principal Retirement	(12,628)
Interest and Fiscal Charges	(17,579)
Total Non-Operating Receipts (Disbursements)	(29,752)
Transfers in	44,600
Transfers out	(37,000)
	7,600
Net Change in Fund Cash Balance	13,441
<b>Fund Cash Balance, January 1</b>	85,424
<b>Fund Cash Balance, December 31</b>	<b>\$ 98,865</b>

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

**Village of New Bloomington**  
**Marion County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of New Bloomington (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 six-member Council elected at large for four year terms. The Mayor is elected to a four year term and votes only to break a tie. The Village provides sewer utilities and park operations. The Village has contracted with Scioto Valley Fire Department to provide fire protection services. The Village contracts with the Marion County Sheriff's Department to provide other security of persons and property services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials are financially accountable.

**B. Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Cash and Deposits**

The Village deposits all available funds in an interest earning checking and savings accounts at a local commercial bank. All deposits 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:

**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

*Street Construction, Maintenance and Repair Fund* – This fund receives gasoline tax and motor vehicle license tax monies to construct, maintain and repair Village streets.

**Village of New Bloomington**  
**Marion County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

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

**D. Fund Accounting (Continued)**

**3. Enterprise Funds**

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

*Sewer Fund* – This fund receives charges for services from residents to cover sewer service costs.

*Sewer Reserve* – This fund receives monies to fund the sewer reserve and debt requirements related to the Village's debt covenant.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

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

**2. Restricted**

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

**Village of New Bloomington**  
**Marion County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

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

**F. Fund Balance (Continued)**

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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:

	2015	2014
Demand deposits	\$ 208,280	\$ 217,371

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution for its public deposits.

**Village of New Bloomington**  
**Marion County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

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**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

**2015 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 39,181	\$ 48,361	\$ 9,180
Special Revenue	25,040	28,552	3,512
Enterprise	135,000	112,068	(22,932)
Total	<u>\$ 199,221</u>	<u>\$ 188,981</u>	<u>\$ (10,240)</u>

**2015 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 80,586	\$ 56,258	\$ 24,328
Special Revenue	23,752	31,360	(7,608)
Enterprise	161,692	110,454	51,238
Total	<u>\$ 266,030</u>	<u>\$ 198,072</u>	<u>\$ 67,958</u>

**2014 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 29,358	\$ 41,400	\$ 12,042
Special Revenue	22,081	24,436	2,355
Enterprise	132,449	133,950	1,501
Total	<u>\$ 183,888</u>	<u>\$ 199,786</u>	<u>\$ 15,898</u>

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 92,350	\$ 47,317	\$ 45,033
Special Revenue	26,740	12,190	14,550
Enterprise	178,844	120,509	58,335
Total	<u>\$ 297,934</u>	<u>\$ 180,016</u>	<u>\$ 117,918</u>

Contrary to Ohio Law, appropriations exceeded estimated resources in the Street Fund by \$4,009 and State Highway Fund by \$4,599 during 2015.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, the first half is due December 31. The second half payment is due the following June 20.

**Village of New Bloomington**  
**Marion County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

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

**5. INCOME TAX**

The Village passed an income tax which became effective July 1, 2002. This locally levied tax of 1% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of non residents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. The Village's income tax is administered by the Regional Income Tax Agency. Tax receipts are credited to the Village's general fund and amounted to \$28,221 and \$24,121 in 2015 and 2014, respectively.

**6. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
USDA Loan	\$ 312,160	4.50%
OWDA	\$ 95,140	5.76%
Total	\$ 407,300	

Description

1998 Ohio Water Development Authority (OWDA) Sewer Plant Construction Loan, due in semiannual installments of \$7,588 through 2013 at a rate of 5.760%.

1998 United State Department of Agriculture (USDA) Mortgage Revenue Bonds, due in semiannual installments of varying amounts through 2038 at a rate of 4.50%.

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

Year Ending December 31:	OWDA Loans	USDA* Loans
2016	\$ 13,502	\$ 9,057
2017	13,672	9,465
2018	13,852	9,891
2019	14,004	10,336
2020	14,246	10,801
2021-2025	44,066	61,429
2026-2030	-	76,869
2031-2035	-	95,792
2036-2040	-	28,520
	\$ 113,342	\$ 312,160

\* The amortization schedule provided did not include interest.

**Village of New Bloomington**  
**Marion County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

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**7. DEBT COVENANT**

The Village's USDA mortgage revenue bond debt covenant requires the Village to maintain a Sanitary Sewer System Mortgage Revenue Bond and Interest Sinking fund and a Sanitary Sewer Reserve fund. The debt covenant further requires the following: the Village must first pay all reasonable and proper expenses of operating and maintaining the Sewer fund; second, the Village must monthly, on the fifteenth day of each month deposit 1/12th of the next ensuing principal and interest payment into the Sanitary Sewer System Mortgage Revenue Bond and Interest Sinking fund; and third, out of the remaining balance of income and revenue after the previous allocations required, are made deposit an amount equal to 1/120th of the required reserve amount (or \$370.83/monthly), up to 10% of the amount of the revenue bonds, or \$44,500.

**8. RETIREMENT SYSTEM**

The Village's elected officials and employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS 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.

The Ohio Revised Code also prescribes contributions rates. For 2015 and 2014, OPERS members contributed 10.0 percent, of their gross salaries and the Village contributed an amount equaling 14.0 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**9. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**Risk Pool Membership**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

**Village of New Bloomington**  
**Marion County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

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**9. RISK MANAGEMENT (Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available).

	<b>2013</b>	<b>2014</b>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	\$5,805,909	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**10. INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund statements:

<u>Transfers from the Sewer Operating fund to:</u>	<u>Amount</u>
Enterprise Debt Service fund	\$ 23,000

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund statements:

<u>Transfers from the General fund to:</u>	<u>Amount</u>
Sewer operating fund	\$ 4,300

<u>Transfers from the General fund to:</u>	<u>Amount</u>
Enterprise Debt Service fund	\$ 3,300

<u>Transfers from the Sewer operating fund to:</u>	<u>Amount</u>
Enterprise Debt Service fund	\$ 37,000

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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

Village of New Bloomington  
Marion County  
202 Buell Street  
P.O. Box 183  
New Bloomington, Ohio 43341-0183

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of LaRue, Marion County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2016, wherein we noted the Village elected to change its financial presentation to and followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-001, described in the accompanying schedule of findings, to be material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 24, 2016.

### **Entity's Response to Findings**

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.

### **Purpose of this Report**

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

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
June 24, 2016

**Village of New Bloomington**  
**Marion County**  
Schedule of Findings  
December 31, 2015 and 2014

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Findings Related to the Financial Statements Required To be Reported in Accordance with GAGAS
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**FINDING NUMBER 2015-001**

**Material Weakness – Segregation of Duties**

There is insufficient segregation of duties in the Village. Due to the size of the Village and the number of employees, the Clerk prepares checks, reconciles the bank account, records receipts, prepares deposits, and opens the mail for the Village. In addition, the Clerk also performs the duties of billing, recording payments, and making deposits for the Village's utility operations.

Proper internal control procedures require the various duties be segregate among different employees. The duties of collecting, billing, recording, depositing, reconciling, and disbursing of Village monies should be separated. Failure to maintain sufficient segregation of duties could allow errors and/or irregularities to go undetected without the knowledge of the Board of Public Affairs and the Council.

In a small operation, such as the Village of New Bloomington, it is not always possible to have enough staff to properly segregate duties. Understanding this, we recommend the Mayor or Council take a more active role in monitoring transactions, such as examining cancelled checks, reconciling utility accounts, reviewing utility adjustment reports, and reviewing bank reconciliations. We recommend these reviews be random and sporadic, rather than scheduled. Such reviews would act as a deterrent to irregularities and would allow the Village an opportunity to timely detect and correct any errors that may occur.



# Dave Yost • Auditor of State

VILLAGE OF NEW BLOOMINGTON

MARION 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  
OCTOBER 4, 2016