

***VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Members of Council
Village of Bloomingburg
62 Main Street
PO Box 186
Bloomingburg, Ohio 43106

We have reviewed the *Independent Auditor's Report* of the Village of Bloomingburg, Fayette County, prepared by Charles E. Harris & Associates, Inc. for the audit period January 1, 2003 through December 31, 2004. 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the 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. 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 Auditor's Report* also includes an opinion on the financial statements using the regulatory format the AOS 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 Bloomingburg is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 17, 2006

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**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2004 & 2003**

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Bloomingburg
Fayette County
62 Main Street
Bloomingburg, Ohio 43106

We have audited the accompanying financial statements of the Village of Bloomingburg, Fayette County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003. 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. We believe that 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 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 permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the 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 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 year ended December 31, 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, 2004, or its changes in financial position for the year 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 Bloomingburg, Fayette County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 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 November 30, 2005, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

November 30, 2005

VILLAGE OF BLOOMINGBURG
 FAYETTE COUNTY, OHIO
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2004

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Local Taxes	\$ 49,579	\$ 8,470	\$ -	\$ -	\$ 58,049
Intergovernmental	35,684	47,488	-	-	83,172
Charges for Services	4,204	-	-	-	4,204
Fines, Licenses and Permits	3,535	-	-	-	3,535
Earnings on Investments	2,465	-	-	-	2,465
Miscellaneous	-	2,510	-	-	2,510
Total Receipts	95,467	58,468	-	-	153,935
Disbursements:					
Current:					
Security of Persons & Property	30,519	37,233	-	-	67,752
Public Health Services	2,374	2,141	-	-	4,515
Leisure Time Activities	905	2,718	-	-	3,623
Community Environment	19,400	-	-	-	19,400
Basic Utility Services	23,392	-	-	-	23,392
Transportation	-	21,368	-	-	21,368
General Government	31,237	-	-	-	31,237
Capital Outlay	-	-	-	6,049	6,049
Debt Service:					
Principal	10,032	-	16,000	-	26,032
Interest	-	-	13,950	-	13,950
Total Disbursements	117,859	63,460	29,950	6,049	217,318
Total Receipts Over/(Under) Disbursements	(22,392)	(4,992)	(29,950)	(6,049)	(63,383)
Other Financing Sources/(Uses):					
Other Financing Uses	-	(500)	-	-	(500)
Total Other Financing Sources/(Uses)	-	(500)	-	-	(500)
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(22,392)	(5,492)	(29,950)	(6,049)	(63,883)
Fund Cash Balance January 1, 2004	75,338	28,875	32,379	6,049	142,641
Fund Cash Balance December 31, 2004	\$ 52,946	\$ 23,383	\$ 2,429	\$ -	\$ 78,758

See Accompanying Notes to the Financial Statements.

**VILLAGE OF BLOOMINGBURG
 FAYETTE COUNTY, OHIO
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES -
 All Proprietary Funds
 For the Year Ended December 31, 2004**

		<u>Proprietary Fund Type</u>
		<u>Enterprise</u>
Receipts:		
Charges for Services	\$	<u>221,445</u>
Total Receipts		<u>221,445</u>
Disbursements:		
Personal Services		80,180
Employee Fringe Benefits		8,300
Contractual Services		44,309
Materials and Supplies		72,964
Other		<u>8,442</u>
Total Disbursements		<u>214,195</u>
Excess of Receipts Over (Under) Disbursements		7,250
Nonoperating Receipts (Disbursements):		
Principal Retirement		<u>(10,032)</u>
Total Nonoperating Receipts (Disbursements)		<u>(10,032)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements		(2,782)
Fund Balance, January 1, 2004		<u>132,907</u>
Fund Balance, December 31, 2004	\$	<u><u>130,125</u></u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF BLOOMINGBURG
 FAYETTE COUNTY, OHIO
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2003

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Local Taxes	\$ 38,899	\$ 9,056	\$ -	\$ -	\$ 47,955
Intergovernmental	35,508	27,624	-	310,093	373,225
Charges for Services	2,718	-	-	-	2,718
Fines, Licenses and Permits	3,815	-	-	-	3,815
Earnings on Investments	2,109	-	-	-	2,109
Miscellaneous	-	99	-	-	99
Total Receipts	83,049	36,779	-	310,093	429,921
Disbursements:					
Current:					
Security of Persons & Property	19,956	23,525	-	-	43,481
Public Health Services	1,786	-	-	-	1,786
Leisure Time Activities	550	1,750	-	-	2,300
Community Environment	11,500	-	-	-	11,500
Basic Utility Services	11,953	359	-	-	12,312
Transportation	671	12,721	-	-	13,392
General Government	27,590	82	-	-	27,672
Capital Outlay	-	-	-	618,101	618,101
Debt Service:					
Principal	-	6,145	15,000	-	21,145
Interest	-	47	14,700	-	14,747
Total Disbursements	74,006	44,629	29,700	618,101	766,436
Total Receipts Over/(Under) Disbursements	9,043	(7,850)	(29,700)	(308,008)	(336,515)
Other Financing Sources/(Uses):					
Loan Proceeds	-	-	-	276,190	276,190
Advances-In	-	-	25,280	1,685	26,965
Advances-Out	-	-	-	(13,818)	(13,818)
Total Other Financing Sources/(Uses)	-	-	25,280	264,057	289,337
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	9,043	(7,850)	(4,420)	(43,951)	(47,178)
Fund Cash Balance January 1, 2003	66,295	36,725	36,799	50,000	189,819
Fund Cash Balance December 31, 2003	\$ 75,338	\$ 28,875	\$ 32,379	\$ 6,049	\$ 142,641

See Accompanying Notes to the Financial Statements.

VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
All Proprietary Funds
For the Year Ended December 31, 2003

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Receipts:	
Charges for Services	\$ <u>209,768</u>
Total Receipts	<u>209,768</u>
Disbursements:	
Personal Services	47,800
Employee Fringe Benefits	17,007
Contractual Services	39,770
Materials and Supplies	34,533
Other	5,470
Capital Outlay	<u>4,027</u>
Total Disbursements	<u>148,607</u>
Excess of Receipts Over (Under) Disbursements	61,161
Nonoperating Receipts (Disbursements):	
Advances-In	13,818
Advances-Out	<u>(26,965)</u>
Total Nonoperating Receipts (Disbursements)	<u>(13,147)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	48,014
Fund Balance, January 1, 2003	<u>84,893</u>
Fund Balance, December 31, 2003	\$ <u><u>132,907</u></u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Bloomingburg, Fayette County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council/mayor form of government and employs a Village Administrator. Elected Officials include six council members, a clerk/treasurer, and a mayor. The Village provides various services including police and fire protection, park operations, street maintenance and repair, water and sewer utilities, and general administrative services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following 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.)

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

C. CASH

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

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of

VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

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

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

- Street Construction, Maintenance and Repair Fund
- CDBG Distress Fund

Capital Projects: This fund is used to account for resources to be used for the acquisition or construction of capital assets. The Village has the following significant Capital Projects Fund:

- Waste Water Construction Fund

Debt Service Fund: This fund is used to accumulate resources for the payment of bond and note indebtedness.

Proprietary Fund Types:

Enterprise Funds:

To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

The Village has the following significant Enterprise Funds:

- Water Operating Fund
- Sewer Operating Fund

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk-Treasurer, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Clerk-Treasurer by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue.

Budget receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2003 and 2004. However, those fund balances are available for appropriation.

VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment 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:

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$208,883</u>	<u>\$275,548</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2004.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as Intergovernmental Receipts.

Public utilities are also taxed on personal and real property located within the Village.

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

<u>Fund:</u>	<u>2004 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 76,000	\$ 95,467	\$ (19,467)
Special Revenue Funds	37,245	58,468	21,223
Debt Service Fund	30,100	-	(30,100)
Capital Projects Fund	9,664	-	(9,664)
Enterprise Funds	209,000	221,445	12,445

<u>Fund:</u>	<u>2004 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 84,009	\$ 117,859	\$ (33,850)
Special Revenue Funds	36,462	63,960	(27,498)
Debt Service Fund	47,720	29,950	17,770
Capital Projects Fund	-	6,049	(6,049)
Enterprise Funds	215,602	224,227	(8,625)

<u>Fund:</u>	<u>2003 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 97,000	\$ 83,049	\$ (13,951)
Special Revenue Funds	45,620	36,779	(8,841)
Debt Service	50,300	25,280	(25,020)
Capital Projects Fund	-	587,968	587,968
Enterprise Funds	272,000	223,586	(48,414)

<u>Fund:</u>	<u>2003 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 93,620	\$ 74,006	\$ 19,614
Special Revenue Funds	48,739	44,629	4,110
Debt Service	50,320	29,700	20,620
Capital Projects Fund	-	631,919	(631,919)
Enterprise Funds	268,600	175,572	93,028

Contrary to the requirements of Ohio Revised Code Section 5705.41(B) the Village's expenditures exceeded appropriations for various funds.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

5. RETIREMENT SYSTEMS

Full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are state operated, cost sharing, multiple employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 8.5% of their gross pay while the Village contributed an amount equal to 13.55% of covered payroll. The Village paid all required contributions through 2004.

6. RISK MANAGEMENT

The Village is exposed to various risks of loss related torts, theft, destruction of assets, errors and omissions, injuries to employees and natural disasters and has obtained the following significant coverage from a private insurer:

<u>Type</u>	<u>Coverage</u>
Umbrella	\$1,000,000
General Liability	2,000,000
Buildings & Personal Property	1,695,747
Inland Marine	59,996
Automobile	1,000,000

Settled Claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

7. DEBT

Debt outstanding at December 31, 2004 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Water Revenue Note	\$ 78,000	5.00%
Sewer Revenue Note	185,000	5.00%
OPWC Sewer Loan	280,881	0.00%
Total	<u>\$543,881</u>	

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

7. DEBT - (Continued)

Principal and interest requirements for debt outstanding at December 31, 2004 is as follows:

<u>Year</u> <u>Ended</u>	Water Revenue Note	Sewer Revenue Note	OPWC Sewer Loan
2005	\$ 8,656	\$ 20,532	\$ 20,064
2006	8,656	20,532	20,064
2007	8,656	20,532	20,064
2008	8,656	20,532	20,064
2009	8,656	20,532	20,064
2010-2014	43,280	102,660	100,320
2015-2019	17,312	41,064	80,241
Total	<u>\$ 103,872</u>	<u>\$ 246,384</u>	<u>\$ 280,881</u>

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village of Bloomingburg
62 Main Street
Bloomingburg, Ohio 43106

We have audited the financial statements of the Village of Bloomingburg, Fayette County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated November 30, 2005, wherein we noted the Village followed accounting practices the Auditor of State 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal controls that we have reported to management in a separate letter dated November 30, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as Finding 2004-Bloom-01.

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

Charles E. Harris and Associates, Inc.
November 30, 2005

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
SCHEDULE OF FINDINGS
For the Years Ended December 31, 2004 and 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Compliance and Other Matters

Finding Number 2004-BLOOM-01:

Expenditures Exceeded Appropriations

Ohio Revised Code Section 5705.41 (B) provides that no subdivision may expend money unless it has been appropriated. We noted that the following funds expended money in excess of appropriations:

<u>Fund</u>	<u>2004</u>	<u>2003</u>
General Fund	\$33,850	-
SCMR	\$12,404	-
Cemetery	\$ 2,041	-
Parks	\$ 1,968	-
CDBG	\$12,800	\$18,913
Fire Levy	\$ 284	-
Capital Fund-Sewer	\$ 6,049	\$631,919
Water Fund	\$19,963	-

We recommend Village Council and the Clerk/Treasurer compare expenditures to appropriations periodically. If additional appropriations are needed, then Council and the Clerk/Treasurer should take the necessary steps to adopt supplemental appropriations, if possible to prevent expenditures from exceeding appropriations.

Management agrees and will monitor appropriations.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
For the Years Ended December 31, 2004 and 2003**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-01	ORC 5705.41(D)- Expenditures certified by Clerk/Treasurer	Yes	Clerk/Treasurer now certifies funds
2002-02	ORC 733.28 Books not accurate	Yes	Village utilizes UAN accounting software
2002-03	ORC 5705.09- Receipts posted to wrong fund	Yes	Corrected action taken as prescribed
2002-04	ORC 149.351- Festival records not properly maintained	Yes	Finding no longer valid- Festival discontinued
2002-05	Various internal control weaknesses	Yes	Corrective action taken as prescribed
2002-06	Inadequate segregation of duties	Yes	Corrective action taken as prescribed



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**VILLAGE OF BLOOMINGBURG
FAYETTE 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
APRIL 4, 2006**