

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2006 & 2005

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



Mary Taylor, CPA
Auditor of State

Village Council
Village of Bloomingburg
62 Main Street
Bloomingburg, Ohio 43106

We have reviewed the *Report of Independent Accountants* of the Village of Bloomingburg, Fayette County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 13, 2007

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**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2006 & 2005**

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To Village Council:

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, 2006 and 2005. 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 years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 years ended December 31, 2006 and 2005, 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, 2006 and 2005, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Bloomingburg, Fayette County, as of December 31, 2006 and 2005, 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 years ended December 31, 2006 and 2005. 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 July 27, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

July 27, 2007

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, 2006

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Debt Service	
Receipts:				
Property and Local Taxes	\$ 38,483	\$ 2,198	\$ -	\$ 40,681
Intergovernmental	35,574	44,706	-	80,280
Charges for Services	3,892	-	-	3,892
Fines, Licenses and Permits	3,473	-	-	3,473
Earnings on Investments	9,599	2,706	-	12,305
Miscellaneous	-	520	-	520
Total Receipts	91,021	50,130	-	141,151
Disbursements:				
Security of Persons & Property	25,069	10,044	-	35,113
Public Health Services	1,140	78	-	1,218
Leisure Time Activities	970	2,822	-	3,792
Basic Utility Services	19,583	-	-	19,583
Transportation	-	10,004	-	10,004
General Government	42,003	566	-	42,569
Debt Service:				
Principal Retirement	-	-	2,429	2,429
Total Disbursements	88,765	23,514	2,429	114,708
Total Receipts Over/(Under) Disbursements	2,256	26,616	(2,429)	26,443
Fund Cash Balance January 1, 2006	46,520	39,862	2,429	88,811
Fund Cash Balance December 31, 2006	\$ 48,776	\$ 66,478	\$ -	\$ 115,254
Reserve for Encumbrances, December 31, 2006	\$ 717	\$ -	\$ -	\$ 717

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, 2006

	<u>Proprietary Fund Type Enterprise</u>
Receipts:	
Charges for Services	\$ 283,685
Total Receipts	<u>283,685</u>
Disbursements:	
Personal Services	70,480
Employee Fringe Benefits	6,249
Contractual Services	290,801
Materials and Supplies	50,291
Other	28,185
Capital Outlay	<u>50,940</u>
Total Disbursements	<u>496,946</u>
Excess of Receipts Over (Under) Disbursements	<u>(213,261)</u>
Nonoperating Receipts (Disbursements):	
Sale of Notes	243,690
Intergovernmental	55,000
Principal Retirement	(65,666)
Interest on Notes	<u>(12,302)</u>
Total Nonoperating Receipts (Disbursements)	<u>220,722</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	7,461
Fund Balance, January 1, 2006	<u>152,704</u>
Fund Balance, December 31, 2006	\$ <u><u>160,165</u></u>
Reserve for Encumbrances, December 31, 2006	\$ <u><u>525</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, 2005

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Debt Service	
Receipts:				
Property and Local Taxes	\$ 44,280	\$ 2,208	\$ -	\$ 46,488
Intergovernmental	35,671	42,747	-	78,418
Charges for Services	6,457	-	-	6,457
Fines, Licenses and Permits	3,093	-	-	3,093
Earnings on Investments	5,261	901	-	6,162
Miscellaneous	-	815	-	815
Total Receipts	94,762	46,671	-	141,433
Disbursements:				
Security of Persons & Property	25,973	15,072	-	41,045
Public Health Services	2,469	96	-	2,565
Leisure Time Activities	1,010	847	-	1,857
Basic Utility Services	20,817	-	-	20,817
Transportation	-	13,177	-	13,177
General Government	50,919	1,000	-	51,919
Total Disbursements	101,188	30,192	-	131,380
Total Receipts Over/(Under)				
Disbursements	(6,426)	16,479	-	10,053
Fund Cash Balance January 1, 2005	52,946	23,383	2,429	78,758
Fund Cash Balance December 31, 2005	\$ 46,520	\$ 39,862	\$ 2,429	\$ 88,811
Reserve for Encumbrances, December 31, 2005	\$ 935	\$ -	\$ -	\$ 935

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, 2005**

	<u>Proprietary Fund Type Enterprise</u>
Receipts:	
Charges for Services	\$ 284,496
Total Receipts	<u>284,496</u>
Disbursements:	
Personal Services	74,544
Employee Fringe Benefits	6,197
Contractual Services	93,545
Materials and Supplies	71,274
Other	<u>9,397</u>
Total Disbursements	<u>254,957</u>
Excess of Receipts Over (Under) Disbursements	<u>29,539</u>
Nonoperating Receipts (Disbursements):	
Sale of Notes	43,253
Principal Retirement	(37,063)
Interest on Notes	<u>(13,150)</u>
Total Nonoperating Receipts (Disbursements)	<u>(6,960)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	22,579
Fund Balance, January 1, 2005	<u>130,125</u>
Fund Balance, December 31, 2005	\$ <u><u>152,704</u></u>
Reserve for Encumbrances, December 31, 2005	\$ <u><u>1,365</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, 2006 and 2005

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, 2006 and 2005

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 fund:

- Street Construction, Maintenance and Repair Fund- Receives motor vehicle and gasoline taxes for constructing, maintaining and repairing Village roads.

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, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

The Village has the following significant Enterprise Funds:

- Water Operating Fund- Accounts for the provision of water to the residents and commercial users located within the Village.
- Sewer Operating Fund- Accounts for the provision of sewer maintenance to the residents and commercial users located within the Village.

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, 2005 and 2006. 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, 2006 and 2005

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, 2006 and 2005**

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

	<u>2006</u>	<u>2005</u>
Demand deposits	<u>\$275,419</u>	<u>\$241,515</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 TAXES

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

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, 2006 and 2005

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

<u>Fund:</u>	<u>2006 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 81,188	\$ 91,021	\$ 9,833
Special Revenue Funds	47,020	50,130	3,110
Debt Service Fund	-	-	-
Enterprise Funds	642,747	582,375	(60,372)

<u>Fund:</u>	<u>2006 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 123,435	\$ 89,482	\$ 33,953
Special Revenue Funds	68,543	23,514	45,029
Debt Service Fund	2,429	2,429	-
Enterprise Funds	675,365	575,439	99,926

<u>Fund:</u>	<u>2005 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 88,000	\$ 94,762	\$ 6,762
Special Revenue Funds	38,093	46,671	8,578
Debt Service	-	-	-
Enterprise Funds	658,000	327,749	(330,251)

<u>Fund:</u>	<u>2005 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 122,150	\$ 102,123	\$ 20,027
Special Revenue Funds	45,693	30,192	15,501
Debt Service	2,429	-	2,429
Enterprise Funds	261,510	306,535	(45,025)

VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police & Fire Pension Fund (OP&F). Other 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. Members of OP&F contributed 10.0% of their gross pay, while the Village contributed 19.5% for police officers. The Village has no firefighters. OPERS members contributed 8.5% in 2005 and 9.0% in 2006 of their gross pay while the Village contributed an amount equal to 13.55% in 2005 and 13.70% in 2006 of covered payroll. The Village paid all required contributions through 2006.

6. RISK MANAGEMENT

Risk Pool Membership

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

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000, from General Reinsurance Corporation.

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

Property Coverage

On January 1, 2005, APEEP began administering a risk-sharing property program. Under the new program, St. Paul Travelers will reinsure specific losses in excess of \$250,000 up to \$600,000,000 per occurrence. APEEP will reinsure members for specific losses in excess of \$100,000 up to \$250,000 per occurrence, subject to annual aggregate loss payment. St. Paul Travelers provides aggregate stop-loss coverage based upon the combined Members' Total Insurable Value (TIV). If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, St. Paul Travelers will then reinsure specific losses in excess of \$100,000 up to their \$600,000,000 per occurrence limit.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005**

6. RISK MANAGEMENT – (Continued)

Risk Pool Membership – (continued)

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

Financial Position

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

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 30,997,868	\$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Net Assets	<u>\$ 15,122,127</u>	<u>\$13,725,507</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 5,125,326	\$4,443,332
Liabilities	(863,163)	(1,068,245)
Net Assets	<u>\$ 4,262,163</u>	<u>\$3,375,087</u>

7. DEBT

Debt outstanding at December 31, 2006 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Water Revenue Note	\$ 68,000	3.90%
Sewer Revenue Note	161,000	5.00%
OPWC Sewer Loan	240,756	0.00%
OWDA	255,910	0.00%
Total	<u>\$725,666</u>	

The Water Revenue Note was established in 1976 at an original amount of \$150,000 at 5% interest and will expire in 2016. The loan is collateralized by water receipts.

The Sewer Revenue Note was established in 1981 at an original cost of \$344,822 at 5% interest and is scheduled to expire in 2016. The loan is collateralized by sewer receipts.

The Ohio Public Works Commission (OPWC) loan was approved in 2002 in the amount of \$303,300 at 0% interest. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005**

7. DEBT - (Continued)

The Village received a loan in the amount of \$318,000 from the Ohio Water Development Authority for the improvement of its wastewater treatment plant in 2005. \$31,057 was undisbursed at December 31, 2006 and was paid to the Village in 2007. Payments are \$63,600 annually at 0% interest.

Principal and interest requirements for debt outstanding at December 31, 2006 is as follows:

<u>Year Ended</u>	Water Revenue Note	Sewer Revenue Note	OPWC Sewer Loan	OWDA
2007	\$ 8,650	\$ 20,650	\$ 20,064	\$ 63,600
2008	8,650	20,650	20,064	63,600
2009	8,650	20,650	20,064	63,600
2010	8,650	20,650	20,064	65,110
2011	8,650	20,650	20,064	-
2012-2016	43,250	103,250	100,320	-
2017-2019	-	-	40,116	-
Total	\$ 86,500	\$ 206,500	\$ 240,756	\$ 255,910

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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

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
Fayette County
62 Main Street
Bloomingburg, Ohio 43106

To Village Council:

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, 2006 and 2005, and have issued our report thereon dated July 27, 2007, 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices prescribed or permitted by the Auditor of State such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Village in a separate letter dated July 27, 2007.

This report is intended solely for the information and use of the audit committee, 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.

July 27, 2007

**VILLAGE OF BLOOMINGBURG
 FAYETTE COUNTY, OHIO
 SCHEDULE OF PRIOR AUDIT FINDINGS
 For the Years Ended December 31, 2006 and 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-Bloom-01	ORC 5705.41(B)- Expenditures exceed Appropriations	No	Included in management letter



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 27, 2007**